FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 413

7804000140 20

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

FEDERAL ELECTION COMMISSION

Internal Memos

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

____	(1) Classified Information	____	(6) Personal privacy
____	(2) Internal rules and practices	____	(7) Investigatory files
____	(3) Exempted by other statute	____	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed Judy Shedford

date May 9, 1978

FEC 9-21-77

7804001402 1

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 9, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John H. Hodgson II
Dobbs and Nielsen
1127 Eleventh Street
Suite 544
Sacramento, CA 95814

Re: MUR 413

Dear Mr. Hodgson:

On May 3, 1978, the Commission voted to accept the conciliation agreements in connection with the matters of Gun Owners of America, Gun Owners of California, and the Legislative Action Fund which you signed and dated April 24, 1978. A copy of the agreements signed by you and the Commission's General Counsel are enclosed.

Accordingly, upon my recommendation, the Commission has closed the file in this matter.

If you have any questions, please call Judy Thedford, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

7804001402

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

5/8/78

Mr. John H. Hodgson II
Dobbs and Nielsen
1127 Eleventh Street
Suite 544
Sacramento, CA 95814

Re: MUR 413

Dear Mr. Hodgson:

On May 3, 1978, the Commission voted to accept the conciliation agreements in connection with the matters of Gun Owners of America, Gun Owners of California, and the Legislative Action Fund which you signed and dated April 24, 1978. A copy of the agreements signed by you and the Commission's General Counsel are enclosed.

Accordingly, upon my recommendation, the Commission has closed the file in this matter.

If you have any questions, please call Judy Thedford, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

/s/
William C. Oldaker
General Counsel

Enclosure

5/8/78

7804004402

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
*Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that the Legislative Action Fund ("Respondent") had violated 2 U.S.C. §433, §434, and §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violations.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, which was established as a lobbying arm of Gun Owners of America (hereinafter "GOA"), shared

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office facilities and administrative expenses with GOA.

(b) Respondent reimbursed GOA, a political committee which supports candidates for Federal office, for Respondent's allocated share of overhead expenses.

(c) In 1976 Respondent transferred to GOA $17,634.17 in excess of what was later determined to be its allocated share of overhead expenses.

(d) In 1976 Respondent's payments to GOA exceeded Respondent's allocated share of overhead expenses by more than $1,000.

(e) Respondent has not filed a statement of organization or financial reports with the Commission.

5. Respondent's excess payments to GOA constitute an "expenditure" under 2 U.S.C. §431(f); because such expenditure was greater than $1,000, Respondent was a "political committee" subject to the requirements of the Federal Election Campaign Act of 1971, as amended.

6. Respondent violated 2 U.S.C. §433 and §434 by failing to register and file reports as required therein.

7. Respondent violated 2 U.S.C. §441b by contributing corporate contributions.

8. The Commission does not contend that the above described violations were either knowingly or willfully committed.

9. Respondent will not in the future transfer corporate funds to any political committee or candidate for Federal office.

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10. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars.

11. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

12. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Act. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

13. This Conciliation Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as set forth in paragraph 12 above, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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

FEDERAL ELECTION COMMISSION

DATE 5/8/78

WILLIAM C. OLDAKER, GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

LEGISLATIVE ACTION FUND

DATE 4/24/78

By: John H. Hodgson II

Its: attorney

7804004025

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of California ("Respondent") had violated 2 U.S.C. §433 and §434.

NOW THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which was initially organized to support state candidates, shared office

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facilities and administrative expenses with Gun Owners of America in 1976.

(b) Respondent reimbursed Gun Owners of America, a political committee which supports candidates for Federal office, for Respondent's share of the overhead expenses.

(c) Respondent paid Gun Owners of America for overhead expenses from an account which contained no monies prohibited by 2 U.S.C. §441b.

(d) In 1976 Respondent transferred $29,137.20 in excess of its actual allocated share of overhead expenses to Gun Owners of America.

(e) By transferring more than $1,000 in such excess payments to Gun Owners of America, Respondent became a political committee supporting Federal Candidates within 2 U.S.C. §431(d) and was required to register and file reports with the Commission.

(f) Respondent was informed by the Commission of the necessity for registering and reporting with the Commission no later than April 1977, and Respondent filed a statement of organization and financial reports for 1975 and 1976 on August 1977. Respondent violated 2 U.S.C. §433 and §434 by failing to meet the filing deadlines required therein.

5. The Commission does not contend that the above violations were either knowingly or willfully committed.

6. Respondent will pay a civil penalty in the amount of One Thousand Dollars ($1,000) pursuant to 2 U.S.C. §437g(a)(5)(B).

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7. Respondent at all times will comply with the requirements of the Federal Election Campaign Act of 1971, as amended.

8. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

9. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 8 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

10. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE 5/8/78

WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF CALIFORNIA

DATE 4/24/78

By: John H Hodgson II

Its: attorney

7804007402

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
*Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of America ("Respondent") had violated 2 U.S.C. §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g (a)(5), do hereby agree as follows:

1. The Commission had jurisdiction over Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which supports candidates for Federal office, shared office facilities and

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administrative expenses with Legislative Action Fund ("LAF") in 1976.

(b) LAF was funded as a lobbying organization. The treasury of LAF contained corporate contributions.

(c) LAF reimbursed Respondent for LAF's allocation of the shared overhead expenses.

(d) LAF's payments for allocated costs were made from an account which contained corporate contributions.

5. Respondent's receipt of payments from LAF constituted acceptance of corporate contributions in violation of 2 U.S.C. §441b.

6. The Commission does not contend that the above violations were either knowingly or willfully committed.

7. Respondent shall refund a total of $54,344 to LAF or to the extent that the amount has been repaid, the remainder of the amount shall be repaid.

8. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars pursuant to 2 U.S.C. §437 g(a)(5)(B).

9. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

10. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the

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District of Columbia.

11. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 10 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matter set forth in this Agreement.

12. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE 5/8/78

WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF AMERICA

DATE 4/24/78

By: John D Hodgson II

Its: attorney

7804001403 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 413 (77)
Gun Owners of America	)	
Gun Owners of California	)	
Legialative Action Fund	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on May 3, 1978, the Commission approved by a vote of 4-0 the conciliation agreements in the above-captioned matter attached to the General Counsel's memorandum dated April 28, 1978.

Commissioners Harris, Springer, Staebler and Thomson voted on this matter.

Marjorie W. Emmons

Date: 5-3-78

Marjorie W. Emmons
Secretary to the Commission

Received in Office of Commission Secretary: 4-28-78, 5:00
Circulated on 48 hour vote basis: 5-1-78, 2:00

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April 28, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 413

Please have the attached memo and conciliation agreements in MUR 413 distributed to the Commission on a 48 hour tally sheet basis.

Thank you.

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 28, 1978

MEMORANDUM

TO: The Commissioners

FROM: William C. Oldaker

SUBJECT: MUR 413 (77)

Attached for the Commission's approval are conciliation agreements signed by Gun Owners of America, Gun Owners of California, and the Legislative Action Fund. The civil penalties in amounts of $5,000 (GOA), $5,000 (LAF), and $1,000 (GOC) were submitted along with the signed agreements.

7804001403

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
*Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of America ("Respondent") had violated 2 U.S.C. §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g (a)(5), do hereby agree as follows:

1. The Commission had jurisdiction over Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which supports candidates for Federal office, shared office facilities and

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administrative expenses with Legislative Action Fund ("LAF") in 1976.

(b) LAF was funded as a lobbying organization. The treasury of LAF contained corporate contributions.

(c) LAF reimbursed Respondent for LAF's allocation of the shared overhead expenses.

(d) LAF's payments for allocated costs were made from an account which contained corporate contributions.

5. Respondent's receipt of payments from LAF constituted acceptance of corporate contributions in violation of 2 U.S.C. §441b.

6. The Commission does not contend that the above violations were either knowingly or willfully committed.

7. Respondent shall refund a total of $54,344 to LAF or to the extent that the amount has been repaid, the remainder of the amount shall be repaid.

8. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars pursuant to 2 U.S.C. §437 g(a)(5)(B).

9. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

10. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the

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District of Columbia.

11. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 10 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matter set forth in this Agreement.

12. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE _____

WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF AMERICA

DATE 4/24/78

By: John H. Hodgson II

Its: attorney

7804004033

7804004403

951 ARDEN WAY
SACRAMENTO, CALIFORNIA 95815
(916) 927-2444

Gun Owners of America '76

F — RAVCO

№ 632

90-1348
1211

APRIL 24 1978

PAY TO THE ORDER OF FEDERAL ELECTION COMMISSION $5,000.00

THE SUM 5000 DOLS 00 CTS

DOLLARS

Bill Sacamano
Tom May

TENTH AND J STREET OFFICE
WELLS FARGO BANK
SACRAMENTO, CALIFORNIA

⑆1211⑈1348⑆0340 044940⑈

TARGET '76
SACRAMENTO, CALIFORNIA 95814

PLEASE DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DATE	DESCRIPTION		AMOUNT
4/24/78	REFERENCE MUR 413-77	ACCT#533	$5,000.00

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of California ("Respondent") had violated 2 U.S.C. §433 and §434.

NOW THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which was initially organized to support state candidates, shared office

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facilities and administrative expenses with Gun Owners of America in 1976.

(b) Respondent reimbursed Gun Owners of America, a political committee which supports candidates for Federal office, for Respondent's share of the overhead expenses.

(c) Respondent paid Gun Owners of America for overhead expenses from an account which contained no monies prohibited by 2 U.S.C. §441b.

(d) In 1976 Respondent transferred $29,137.20 in excess of its actual allocated share of overhead expenses to Gun Owners of America.

(e) By transferring more than $1,000 in such excess payments to Gun Owners of America, Respondent became a political committee supporting Federal Candidates within 2 U.S.C. §431(d) and was required to register and file reports with the Commission.

(f) Respondent was informed by the Commission of the necessity for registering and reporting with the Commission no later than April 1977, and Respondent filed a statement of organization and financial reports for 1975 and 1976 on August 1977. Respondent violated 2 U.S.C. §433 and §434 by failing to meet the filing deadlines required therein.

5. The Commission does not contend that the above violations were either knowingly or willfully committed.

6. Respondent will pay a civil penalty in the amount of One Thousand Dollars ($1,000) pursuant to 2 U.S.C. §437g(a)(5)(B).

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7. Respondent at all times will comply with the requirements of the Federal Election Campaign Act of 1971, as amended.

8. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

9. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 8 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

10. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE _____

WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF CALIFORNIA

DATE 4/24/78

By: John H Hodgson II

Its: attorney

7804001404

951 ARDEN WAY
SACRAMENTO, CALIFORNIA 95815
(916) 927 2444

Gun Owners of California '76

F 43

№ 317

90-1348
1211

CALIFORNIA FEDERAL COMMITTEE SUPPORT FUND

APRIL 24 1978

PAY TO THE ORDER OF FEDERAL ELECTION COMMISSION $1,000.00

THE SUM 1000 DOLS 00 CTS DOLLARS

Bill Lanarino

Ted May

TENTH AND J STREET OFFICE
WELLS FARGO BANK
SACRAMENTO, CALIFORNIA

⑆1211⑈1348⑆0340 044973⑈

7804001404

TARGET '76
SACRAMENTO, CALIFORNIA 95813

PLEASE DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DATE	DESCRIPTION		AMOUNT
4/24/78	REFERENCE MUR 412-77	ACCT#533	$1,000.00

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
*Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that the Legislative Action Fund ("Respondent") had violated 2 U.S.C. §433, §434, and §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violations.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, which was established as a lobbying arm of Gun Owners of America (hereinafter "GOA"), shared

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office facilities and administrative expenses with GOA.

(b) Respondent reimbursed GOA, a political committee which supports candidates for Federal office, for Respondent's allocated share of overhead expenses.

(c) In 1976 Respondent transferred to GOA $17,634.17 in excess of what was later determined to be its allocated share of overhead expenses.

(d) In 1976 Respondent's payments to GOA exceeded Respondent's allocated share of overhead expenses by more than $1,000.

(e) Respondent has not filed a statement of organization or financial reports with the Commission.

5. Respondent's excess payments to GOA constitute an "expenditure" under 2 U.S.C. §431(f); because such expenditure was greater than $1,000, Respondent was a "political committee" subject to the requirements of the Federal Election Campaign Act of 1971, as amended.

6. Respondent violated 2 U.S.C. §433 and §434 by failing to register and file reports as required therein.

7. Respondent violated 2 U.S.C. §441b by contributing corporate contributions.

8. The Commission does not contend that the above described violations were either knowingly or willfully committed.

9. Respondent will not in the future transfer corporate funds to any political committee or candidate for Federal office.

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10. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars.

11. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

12. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Act. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

13. This Conciliation Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as set forth in paragraph 12 above, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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

FEDERAL ELECTION COMMISSION

DATE _____

WILLIAM C. OLDAKER, GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

LEGISLATIVE ACTION FUND

DATE 4/24/78

By: John H. Hodgson II
Its: attorney

7804001404 5

GUN OWNERS OF AMERICA
455 CAPITOL MALL - SUITE 315
SACRAMENTO, CALIFORNIA 95814

WELLS FARGO BANK
TENTH AND J STREET OFFICE
1011 TENTH STREET
SACRAMENTO CALIFORNIA 95814

11-24 340
1210

№ 661

APRIL 24 19 78

THE SUM 5000 DOLS 00 CTS

PAY $ 5,000.00

TO THE ORDER OF

FEDERAL ELECTION COMMISSION
1325 K STREET, NW
WASHINGTON, D.C. 20463

Dan Patten
Ted Mazz

⑈000661⑈ ⑆1210⑈0024⑆0340 045509⑈

DETACH AND RETAIN THIS STATEMENT — THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW • IF NOT CORRECT PLEASE NOTIFY US PROMPTLY • NO RECEIPT DESIRED

DATE	DESCRIPTION	AMOUNT
4/24/78	REFERENCE MUR 413-77	$5,000.00
	ACCT#533	
	(Formerly Legislative Action Fund)	

GUN OWNERS OF AMERICA V2

DCC 3362

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 544, 1127 ELEVENTH STREET
SACRAMENTO, CA 95814
(916) 446-6752

FEDERAL ELECTION COMMISSION
78 APR 27 PM 12:37

April 24, 1978

802206

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

Re: MUR 413 (77)

Dear Mr. Ponder:

Enclosed please find conciliation agreements for Gun Owners of America, Gun Owners of California and Legislative Action Fund signed by this office as attorneys to these organizations. Enclosed also, please find checks written to the Federal Election Commission for the appropriate amounts as noted in the conciliation agreements. (Gun Owners of America - $5,000, Legislative Action Fund - $5,000, Gun Owners of California - $1,000).

When the Commission has approved these agreements, please return one completed and signed agreement to this office at your earliest convenience. Should you required any additional information, please do not hesitate to contact me.

Very sincerely,

John H. Hodgson II

JOHN H. HODGSON II

JHH:laj

cc: Gun Owners of California
Gun Owners of America
Legislative Action Fund

7804001404 3

SAN FRANCISCO OFFICE · SUITE 2500, THE ALCOA BLDG., ONE MARITIME PLAZA, SAN FRANCISCO, CA 94111 • (415) 362-1940

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
*Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of America ("Respondent") had violated 2 U.S.C. §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g (a)(5), do hereby agree as follows:

1. The Commission had jurisdiction over Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which supports candidates for Federal office, shared office facilities and

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administrative expenses with Legislative Action Fund ("LAF") in 1976.

(b) LAF was funded as a lobbying organization. The treasury of LAF contained corporate contributions.

(c) LAF reimbursed Respondent for LAF's allocation of the shared overhead expenses.

(d) LAF's payments for allocated costs were made from an account which contained corporate contributions.

5. Respondent's receipt of payments from LAF constituted acceptance of corporate contributions in violation of 2 U.S.C. §441b.

6. The Commission does not contend that the above violations were either knowingly or willfully committed.

7. Respondent shall refund a total of $54,344 to LAF or to the extent that the amount has been repaid, the remainder of the amount shall be repaid.

8. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars pursuant to 2 U.S.C. §437 g(a)(5)(B).

9. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

10. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the

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District of Columbia.]

11. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 10 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matter set forth in this Agreement.

12. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE _____

WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF AMERICA

DATE 4/24/78

By: John H. Hodgson II

Its: attorney

7804004051

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of California ("Respondent") had violated 2 U.S.C. §433 and §434.

NOW THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which was initially organized to support state candidates, shared office

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facilities and administrative expenses with Gun Owners of America in 1976.

(b) Respondent reimbursed Gun Owners of America, a political committee which supports candidates for Federal office, for Respondent's share of the overhead expenses.

(c) Respondent paid Gun Owners of America for overhead expenses from an account which contained no monies prohibited by 2 U.S.C. §441b.

(d) In 1976 Respondent transferred $29,137.20 in excess of its actual allocated share of overhead expenses to Gun Owners of America.

(e) By transferring more than $1,000 in such excess payments to Gun Owners of America, Respondent became a political committee supporting Federal Candidates within 2 U.S.C. §431(d) and was required to register and file reports with the Commission.

(f) Respondent was informed by the Commission of the necessity for registering and reporting with the Commission no later than April 1977, and Respondent filed a statement of organization and financial reports for 1975 and 1976 on August 1977. Respondent violated 2 U.S.C. §433 and §434 by failing to meet the filing deadlines required therein.

5. The Commission does not contend that the above violations were either knowingly or willfully committed.

6. Respondent will pay a civil penalty in the amount of One Thousand Dollars ($1,000) pursuant to 2 U.S.C. §437g(a)(5)(B).

7804001405

7. Respondent at all times will comply with the requirements of the Federal Election Campaign Act of 1971, as amended.

8. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

9. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 8 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

10. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE _____

WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF CALIFORNIA

DATE 4/24/78

By: John H Hodgson II

Its: attorney

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
*Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that the Legislative Action Fund ("Respondent") had violated 2 U.S.C. §433, §434, and §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violations.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, which was established as a lobbying arm of Gun Owners of America (hereinafter "GOA"), shared

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office facilities and administrative expenses with GOA.

(b) Respondent reimbursed GOA, a political committee which supports candidates for Federal office, for Respondent's allocated share of overhead expenses.

(c) In 1976 Respondent transferred to GOA $17,634.17 in excess of what was later determined to be its allocated share of overhead expenses.

(d) In 1976 Respondent's payments to GOA exceeded Respondent's allocated share of overhead expenses by more than $1,000.

(e) Respondent has not filed a statement of organization or financial reports with the Commission.

5. Respondent's excess payments to GOA constitute an "expenditure" under 2 U.S.C. §431(f); because such expenditure was greater than $1,000, Respondent was a "political committee" subject to the requirements of the Federal Election Campaign Act of 1971, as amended.

6. Respondent violated 2 U.S.C. §433 and §434 by failing to register and file reports as required therein.

7. Respondent violated 2 U.S.C. §441b by contributing corporate contributions.

8. The Commission does not contend that the above described violations were either knowingly or willfully committed.

9. Respondent will not in the future transfer corporate funds to any political committee or candidate for Federal office.

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10. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars.

11. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

12. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Act. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

13. This Conciliation Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as set forth in paragraph 12 above, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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

FEDERAL ELECTION COMMISSION

DATE _____

WILLIAM C. OLDAKER, GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

LEGISLATIVE ACTION FUND

DATE 4/24/78

By: John H Hodgson II
Its: attorney

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951 ARDEN WAY
SACRAMENTO, CALIFORNIA 95815
(916) 927-2444

Gun Owners of America '76

F — RAVCO

№ 632

90-1348
1211

APRIL 24 1978

PAY TO THE ORDER OF FEDERAL ELECTION COMMISSION $5,000.00

THE SUM 5000 DOLS 00 CTS

DOLLARS

Bill Sacamino
Tom May

TENTH AND J STREET OFFICE
WELLS FARGO BANK
SACRAMENTO, CALIFORNIA

⑆1211⑈1348⑆0340 044940⑈

TARGET '76
SACRAMENTO, CALIFORNIA 95814

PLEASE DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DATE	DESCRIPTION		AMOUNT
4/24/78	REFERENCE MUR 413-77	ACCT#533	$5,000.00

7804004095

951 ARDEN WAY
SACRAMENTO, CALIFORNIA 95815
(916) 927 2444

Gun Owners of California '76

43

CALIFORNIA FEDERAL COMMITTEE SUPPORT FUND

№ 317

90-1348
1211

APRIL 24 1978

PAY TO THE ORDER OF FEDERAL ELECTION COMMISSION $ 1,000.00

THE SUM 1000 DOLS 00 CTS DOLLARS

Bill Sarasin

Tim May

TENTH AND J STREET OFFICE
WELLS FARGO BANK
SACRAMENTO, CALIFORNIA

⑆1211⑈1348⑆0340 044973⑈

TARGET '76
SACRAMENTO, CALIFORNIA 95813

PLEASE DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DATE	DESCRIPTION		AMOUNT
4/24/78	REFERENCE MUR 413-77	ACCT#533	$1,000.00

GUN OWNERS OF AMERICA
455 CAPITOL MALL - SUITE 315
SACRAMENTO, CALIFORNIA 95814

WELLS FARGO BANK
TENTH AND J STREET OFFICE
1011 TENTH STREET
SACRAMENTO CALIFORNIA 95814

11-24 340
1210

№ 661

APRIL 24 19 78

THE SUM 5000 DOLS 00 CTS

PAY $ 5,000.00

TO THE ORDER OF

FEDERAL ELECTION COMMISSION
1325 K STREET, NW
WASHINGTON, D.C. 20463

Dan Patten
Terry Magg

⑈000661⑈ ⑆1210⑈0024⑆0340 045509⑈

DETACH AND RETAIN THIS STATEMENT — THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW • IF NOT CORRECT PLEASE NOTIFY US PROMPTLY • NO RECEIPT DESIRED

DATE	DESCRIPTION	AMOUNT
4/24/78	REFERENCE AUR 413-77	$5,000.00
	ACCT #533	
	(Formerly Legislative Action Fund)	

GUN OWNERS OF AMERICA

V-2

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SACRAMENTO, CA 95814

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1978

First Class

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FEDERAL ELECTION COMMISSION

DOBBS & NIELSEN

Attorneys and Counselors at Law

SUITE 544, 1127 - 11TH STREET
SACRAMENTO, CA 95814

TO: Mr. Hal Ponder
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 19, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 413 (77) - Interim Conciliation Report - dated 4-14-78
Received in Office of Commission Secretary: 4-17-78, 4:13

The above-mentioned document was circulated to the Commissioners at 12:00, April 18, 1978, on a 24 hour no-objection basis.

As of 12:00, this date, no objections have been received in the Office of Commission Secretary to the Interim Conciliation Report.

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April 17, 1978

MEMORANDUM TO: Margo Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 413

Please have the attached Interim Concil Report on MUR 413 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION

In The Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413
Legislative Action Fund	)	

INTERIM CONCILIATION REPORT

After negotiations with counsel for the respondents, the Commission received counterproposals on April 10, 1978. Counsel for the respondents has been notified that portions of their proposed conciliation agreements are not acceptable. We are currently awaiting their response.

14 April 1978
Date

Charles N. Steele
Associate General Counsel

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801025

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 544, 1127 ELEVENTH STREET
SACRAMENTO, CA 95814
(916) 446-6752

FEDERAL ELECTION COMMISSION
'78 APR 10 AM 9:02

April 5, 1978

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

Re: MUR 413 (77)

Dear Mr. Ponder:

Enclosed please find proposed conciliation agreements for Gun Owners of America, Gun Owners of California and Legislative Action Fund regarding this matter. As I indicated to you in our phone conversation of last week, Mr. Nielsen of our office did have a chance to talk with Mr. Ben Vandegrift regarding his recollections of these events. His response, upon reviewing all the correspondence provided by this office to the Federal Election Commission regarding this matter, was that he did not remember giving any advice contrary to that represented in my correspondence.

I would hope that these proposed conciliation agreements will meet with the Commission's satisfaction and that we may be able to finalize this matter shortly. Please advise me if additional information is required.

Very sincerely,

John H. Hodgson II

JOHN H. HODGSON II

JHH:laj

cc: Gun Owners of America
Gun Owners of California
Legislative Action Fund

7804004406

DRAFT GOC
4/1/78

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of California ("Respondent") had violated 2 U.S.C. §433 and §434.

NOW THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous commications and personal contact with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which was initially organized to support state candidates, shared office

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facilities and administrative expenses with Gun Owners of America in 1976.

(b) Respondent reimbursed Gun Owners of America, a political committee which supports candidates for Federal office, for Respondent's share of the overhead expenses.

(c) Respondent paid Gun Owners of America for overhead expenses from an account which contained no monies prohibited by 2 U.S.C. §441b.

(d) In 1976 Respondent transferred $29,137.20 in excess of its actual allocated share of overhead expenses to Gun Owners of America.

(e) By transferring more than $1,000 in such excess payments to Gun Owners of America, Respondent became a political committee supporting Federal Candidates within 2 U.S.C. §431(d) and was required to register and file reports with the Commission.

(f) Respondent was informed by the Commission of the necessity for registering and reporting with the Commission no later than April 1977, and Respondent filed a statement of organization and financial reports for 1975 and 1976 on August 1977. Respondent unintentionally violated 2 U.S.C. §433 and §434 by failing to meet the filing deadlines required therein.

5. The Commission has determined that the above described violations were neither knowingly nor willfully committed.

6. Respondent will pay a civil penalty in the amount of One Thousand Dollars ($1,000) pursuant to 2 U.S.C. §437g(a)(5)(B).

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7. Respondent at all times will comply with the requirements of the Federal Election Campaign Act of 1971, as amended.

8. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the Eastern District of California.

9. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 8 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

10. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF CALIFORNIA

DATE_____

By: _____

Its: _____

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DRAFT GOA
4/1/78

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of America ("Respondent") had violated 2 U.S.C. §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g (a)(5), do hereby agree as follows:

1. The Commission had jurisdiction over Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which supports candidates for Federal office, shared office facilities and

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administrative expenses with Legislative Action Fund ("LAF") in 1976.

(b) LAF was funded as a lobbying organization. The treasury of LAF contained corporate contributions.

(c) LAF reimbursed Respondent for LAF's allocation of the shared overhead expenses.

(d) LAF's payments for allocated costs were made from an account which contained corporate contributions.

5. Respondent's receipt of payments from LAF constituted acceptance of corporate contributions in violation of 2 U.S.C. §441b.

6. The Commission has determined that the above described violations were neither knowingly nor willfully committed.

7. Respondent shall refund a total of $54,344 to LAF or to the extent that the amount has been repaid, the remainder of the amount shall be repaid.

8. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars pursuant to 2 U.S.C. §437 g(a)(5)(B).

9. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

10. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the

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Eastern District of California.

11. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 10 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matter set forth in this Agreement.

12. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE_____ _____

WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF AMERICA

DATE_____ By:_____

Its:_____

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DRAFT LAF
4/1/78

BEFORE THE FEDERAL ELECTION COMMISSTION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that the Legislative Action Fund ("Respondent") had violated 2 U.S.C. §433, §434, and §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had numerous communications and personal contact with the Commission during the time of the violations.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, which was established as a lobbying arm of Gun Owners of America (hereinafter "GOA"), shared

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office facilities and administrative expenses with GOA.

(b) Respondent reimbursed GOA, a political committee which supports candidates for Federal office, for Respondent's allocated share of overhead expenses.

(c) In 1976 Respondent transferred to GOA $17,634.17 in excess of what was later determiend to be its allocated share of overhead expenses.

(d) In 1976 Respondent's payments to GOA exceeded Respondent's allocated share of overhead expenses by more than $1,000.

(e) Respondent has not filed a statement of organization or financial reports with the Commission.

5. Respondent's excess payments to GOA constitute an "expenditure" under 2 U.S.C. §431(f); because such expenditure was greater than $1,000, Respondent was a "political committee" subject to the requirements of the Federal Election Campaign Act of 1971, as amended.

6. Respondent unintentionally violated 2 U.S.C. §433 and §434 by failing to register and file reports as required therein.

7. Respondent unintentionally violated 2 U.S.C. §441b by contributing corporate contributions.

8. The Commission has determined that the above described violations were neither knowingly nor willfully committed.

9. Respondent will not in the future transfer corporate funds to any political committee or candidate for Federal office.

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10. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars.

11. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

12. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Act. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the Eastern District of California.

13. This Conciliation Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as set forth in paragraph 12 above, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER, GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

LEGISLATIVE ACTION FUND

DATE_____

By: _____

Its: _____

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DOBBS & NIELSEN

Attorneys and Counselors at Law

SUITE 544, 1127 - 11TH STREET
SACRAMENTO, CA 95814

TO: HAL PONDER, ESQ.
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

March 22, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 413 (77) - Interim Report dated 3-17-78
Signed by General Counsel 3-17-78
Received in Commission Secretary's
Office 3-17-78, 4:07

The above-mentioned document was circulated to the Commissioners on a 24 hour no-objection basis at 10:00, March 21, 1978.

As of 12:00, this date, no objections have been received in the Office of Commission Secretary to the Interim Report.

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March 17, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 413

Please have the attached Interim Report on MUR 413 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION
March 17, 1978

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413 (77)
Gun Owners of California	)	
Legislative Action Fund	)	

INTERIM REPORT

Conciliation agreements were sent to respondents on February 24, 1978. Negotiation took place on March 9, 1978. Counsel for respondents has agreed to provide their response by March 28, 1978.

3/17/78
Date

William C. Oldaker
General Counsel

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

March 2, 1978

SPECIAL DELIVERY

Mr. Vigo G. Nielsen, Jr., Esquire
Dobbs and Nielsen
Suite 2500, The Alcoa Building
One Maritime Plaza
San Francisco, California 94111

RE: MUR 413(77)

Dear Mr. Nielsen:

This letter is in response to your February 9, 1978 letter which refers to communications between the Commission, yourself, and Mr. Laney in 1976.

It is the Commission's view that AOR-1976-24 and 43 which were sent to you on July 29, 1976 and August 6, 1976 are statements of Commission determinations and so state that, "It is the Commission's view that no enforcement or compliance action should be initiated in this matter if the actions of the political committee conform to the conclusions and views stated in this letter."

It is clearly set forth in these letters that:

1) GOA/GOC allocation reimbursement arrangement should "assure that corporate ... or other funds prohibited by Federal law are not being indirectly routed to the Federal committee by the described arrangement,..." Accordingly, the requirement outlined in AOR-1976-43 referring to GOA/GOC reimbursement applies to the same relationship between GOA and LAF.

2) AOR-1976-24 stated that GOA and LAF could solicit contributions in the same mailings "provided the entire cost is borne by the political fund which contains funds lawfully contributed under the Act."

It is our interpretation that these letters

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emphasize the Commission's overriding concern that corporate or otherwise illegal funds should not be funneled to a Federal committee through a reimbursement scheme or through joint mailings.

Your February 9, 1978 letter refers to Mr. Vandegrift's December 30, 1976 letter. It is still our view that this letter confirms reporting requirements only. It should also be noted that 2 U.S.C. §437f states:

> "No opinion of an advisory nature may be issued by the Commission or any of its employees except in accordance with the provisions of this section."

Therefore, the information set forth in the AOR's heretofore referred to, which were issued previous to Mr. Vandegrift's letter, state Commission policy, whereas the letters between a staff member and Mr. Laney on an unofficial basis cannot constitute a Commission policy.

In light of the correspondence discussed above, we feel that GOA, GOC, and LAF were officially put on notice through AOR's 1976-24 and 43 issued July 19, 1976 and August 6, 1976, respectively, that corporate funds could not be transferred to GOA on any basis. Therefore, full repayment of the funds transferred from LAF to GOA is required.

Sincerely,

William C. Oldaker
General Counsel

7804001408 0

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 24, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John H. Hodgson II
Dobbs & Neilsen
Suite 900- 1006 Fourth Street
Sacramento, CA 95814

RE: MUR 413(77)

Dear Mr. Hodgson:

On November 29, 1977, the Commission determined there was reasonable cause to believe that Gun Owners of America ("GOA") violated 2 U.S.C. §441b; Gun Owners of California ("GOC") violated 2 U.S.C. §433 and §434; and the Legislative Action Fund ("LAF") violated 2 U.S.C. §§433, 434, and 441b of the Federal Election Campaign Act of 1971, as amended.

Specifically, the Commission found reasonable cause to believe that:

(1) GOA received as payment for allocated expenses, at least $54,344 from LAF. The acceptance of funds from LAF, whose treasury contained corporate monies, violates the prohibition on acceptance of corporate contributions, 2 U.S.C. §441b.

(2) GOC was required to file a statement of organization within 10 days from the date that the committee had information which caused it to anticipate that it would receive contributions or make expenditures during the calendar year in an aggregate amount exceeding $1,000, 2 U.S.C. §433; and, to file reports "not later than the 10th day following the close of any cal-

7804001408 1

endar quarter ... in which the ... political committee concerned ... made expenditures in excess of $1,000." 2 U.S.C. §434(a)(1)(C). GOC filed a Statement of Organization and financial reports for 1976 in August 1977 thereby failing to comply with the reporting deadlines set forth in the Act.

(3) LAF made payments to GOA for overhead expenses which were more than $1,000. Therefore, LAF became subject to the Act's reporting requirements, 2 U.S.C. §§433 and 434. LAF made the payments to GOA from corporate money in violation of the Act, 2 U.S.C. §441b.

The Commission has a duty to attempt to correct violations for a period of 30 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement. 2 U.S.C. § 437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute a civil suit in United States District Court and seek a civil penalty which does not exceed the greater of $5,000, or an amount equal to the amount of the violation.

We enclose conciliation agreements that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreements, please sign and return them along with the civil penalties to the Commission within ten days from your receipt of this letter. I will then recommend that the Commission approve the agreements.

If you have any questions or suggestions for changes in the enclosed conciliation agreements, please contact Judy Thedford, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

7804001408

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENTS

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of America ("Respondent") had violated 2 U.S.C. §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g (a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had communications with the Commission during the time of the violation.

3. Respondent enters voluntarily into this Agreement with the Commission

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

a. Respondent, a political committee which

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supports candidates for Federal office, shared office facilities and administrative expenses with Legislative Action Fund ("LAF") in 1976.

b. LAF was funded as a lobbying organization. The treasury of LAF contained corporate contributions.

c. LAF reimbursed Respondent for LAF's allocation of the shared overhead expenses.

d. LAF's payments for allocated costs were made from an account which contained corporate contributions.

5. Respondent's receipt of payments from LAF constituted acceptance of corporate contributions in violation of 2 U.S.C. §441b.

6. Respondent shall refund a total of $54,344 to LAF or to the extent that the amount has been repaid, the remainder of the amount shall be repaid.

7. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars pursuant to 2 U.S.C. §437g(a)(5)(B).

8. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

9. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with

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the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

10. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 9 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matter set forth in this agreement.

11. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF AMERICA

DATE_____

By:_____

Its:_____

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413 (77)
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that the Legislative Action Fund ("Respondent") had violated 2 U.S.C. §433, §434, and §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had communications with the Commission during the time of the violations.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, which was established as a lobbying arm of Gun Owners of America (hereinafter "GOA"), shared office facilities and administrative expenses with GOA.

(b) Respondent reimbursed GOA, a political committee which supports candidates for Federal office, for Respondent's allocated share of overhead expenses.

(c) In 1976 Respondent transferred to GOA $17,634.17 in excess of its allocated share of overhead expenses.

(d) In 1976 Respondent's payments to GOA exceeded Respondent's allocated share of overhead expenses by more than $1,000.

(e) Respondent has not filed a statement of organization or financial reports with the Commission.

5. Respondent's excess payments to GOA constitute an "expenditure" under 2 U.S.C. §431(f); because such expenditure was greater than $1,000, Respondent was a "political committee" subject to the requirements of the Federal Election Campaign Act of 1971, as amended.

6. Respondent violated 2 U.S.C. §433 and §434 by failing to register and file reports as required therein.

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7. Respondent violated 2 U.S.C. §441b by contributing corporate contributions.

8. Respondent will not in the future transfer corporate funds to any political committee or candidate for Federal office.

9. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars.

10. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

11. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Act. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

12. This Conciliation Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as set forth in paragraph 11 above, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

LEGISLATIVE ACTION FUND

DATE_____

By:_____

Its:_____

7804001408

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	
Gun Owners of California	)	MUR 413(77)
Legislative Action Fund	)	

CONCILIATION AGREEMENTS

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory repsonsibilities, and after the Commisson found reasonable cause to believe that Gun Owners of California ("Respondent") had violated 2 U.S.C. §433 and §434.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter. Respondent had communications with the Commission during the time of the violations.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

(a) Respondent, a political committee which was initially organized to support state candidates, shared office facilities and administrative expenses with Gun Owners of America in 1976.

(b) Respondent reimbursed Gun Owners of America, a political committee which supports candidates for Federal office, for Respondent's share of the overhead expenses.

(c) Respondent paid Gun Owners of America for overhead expenses from an account which contained no monies prohibited by 2 U.S.C. §441b.

(d) In 1976 Respondent transferred $29,137.20 in excess of its actual allocated share of overhead expenses to Gun Owners of America.

(e) By transferring more than $1,000 in such excess payments to Gun Owners of America, Respondent became a political committee supporting Federal candidates within 2 U.S.C. §431(d) and was required to register and file reports with the Commission.

(f) Respondent was informed by the Commission of the necessity for registering and reporting with the Commission not later than April 1977, but Respondent did not file a statement of organization and financial reports for 1975 and 1976 until August 1977. Respondent violated 2 U.S.C. §433 and §434 by failing to meet the filing deadline required therein.

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5. Respondent will pay a civil penalty in the amount of One Thousand Dollars ($1,000) pursuant to 2 U.S.C. §437g(a)(5)(B).

6. Respondent at all times will comply with the requirements of the Federal Election Campaign Act of 1971, as amended.

7. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

8. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 7 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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9. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street N.W.
Washington, DC 20463

GUN OWNERS OF CALIFORNIA

DATE_____

By:_____

Its:_____

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DOBBS & NIELSEN

Attorneys and Counselors at Law

SUITE 2500, THE ALCOA BUILDING
ONE MARITIME PLAZA
SAN FRANCISCO, CA 94111

SAN FRANCISCO, CA 94111
-PM
9 FEB
1978

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

'78 FEB 14 PM 1:24

RECEIVED
FEDERAL ELECTION
COMMISSION

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DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 2500, THE ALCOA BUILDING
ONE MARITIME PLAZA
SAN FRANCISCO, CA 94111
TELEPHONE (415) 362-1940

RECEIVED
FEDERAL ELECTION
COMMISSION

'78 FEB 14 PM 1:24

February 9, 1978

800411

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

Re: MUR 413(77)

Dear Mr. Ponder:

We appreciated the opportunity to meet with you and Judy Thedford last Thursday to discuss the proposed conciliation agreements forwarded to us on January 27, 1978.

We appreciated the opportunity to make suggestions to the present drafts and expect to hear from you, as you indicated, on the suggested civil penalty for each respondent.

You indicated that you did not believe that the FEC felt it had any responsibility in providing information to respondents which might have allowed a reasonable person to believe the actions taken were completely in compliance with federal law. You point to the Commission's opinion letter of August 6, 1976, as being determinative that no corporate funds can ever be paid to a federal committee even for services rendered and you interpret the FEC letter of December 30, 1976, to only giving approval to paragraphs 1 and 2 of Gun Owners of America's letter dated December 3, 1976. After reflecting on both letters, I do not see how any reasonable interpretation can be reached that Mr. Vandegrift's letter only refers to paragraphs 1 and 2. Also, your assertion that the first paragraph of Mr. Vandegrift's letter that states that the December 3 letter is "in compliance with the reporting provisions of the FECA," does not make any sense if only applied to Paragraphs 1 and 2 of the December 3, 1976 letter since such paragraphs refer to the allocation of funds between committees and not how Gun Owners of America will report funds eventually received by that committee. Nor does this interpretation conform to the facts. I refer you to the last paragraph of page two on Mr. Hodgson's letter to the Commission of

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September 9, 1977 and the following paragraphs which discuss what actually happened that allowed Mr. Willis Laney, Executive Director of GOA, to conclude that he could accept corporate funds from LAF for actual services rendered. If depositions of Mr. Laney, Mr. Ham and Mr. Vandegrift are appropriate to establish these facts, we will be more than pleased to proceed along this course.

As we discussed on Thursday, we have advised the respondents that an appropriate conciliation agreement for each respondent is appropriate since the staff allocation of costs was inaccurate and resulted in transfers of monies that should not have been transferred. Upon the review of your file, I hope you conclude that it is the excess payment that is in question and not the original transfers themselves.

Very truly yours,

Vigo G. Nielsen, Jr.

VGN:bc

cc: Gun Owners of America Campaign Committee
: Gun Owners of America (Legislative Action Fund)
: Gun Owners of California
: John H. Hodgson, Esq.

7804004096

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 24, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 413 (77) - Interim Status Report dated February 22, 1978

The above-mentioned document was circulated to the Commissioners on February 23, 1978 at 4:00.

No objections were received to the Interim Status Report.

7804004097

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

DATE AND TIME OF TRANSMITTAL Feb. 23 -

Commissioner _____

RETURN TO OFFICE OF COMMISSION SECRETARY BY: - Feb 24, 1978

MUR No. Interim Status Report on MUR 413 (77) dated February 22, 1978

( ) I object to the recommendation in the attached report.

COMMENTS: _____

Date _____ Signature _____

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ALL PAPERS TO THE OFFICE OF THE SECRETARY TO THE COMMISSION.

7804004098

February 22, 1978

MEMORANDUM TO: Marg's Emmons

FROM: Eliesa T. Garr

SUBJECT: MUR 413

Please have the attached Interim Status Report on MUR 413 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

7804004409

BEFORE THE FEDERAL ELECTION COMMISSION
February 22, 1978

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413(77)
Gun Owners of California	)	
Legislative Action Fund	)	

INTERIM STATUS REPORT

On February 1, 1978, the Commission approved proposed conciliation agreements and a letter to the respondents. The following day, a meeting was held with counsel for the respondents. In view of these meetings and staff re-evaluation, the proposed agreements have been delayed and revised. The revised drafts are being prepared for mailing.

We hope to have a response from the respondents to the conciliation agreements by mid-March.

2/22/78
DATE

William C. Oldaker
General Counsel

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 27, 1978

SPECIAL DELIVERY

Mr. John H. Hodgson II
Dobbs & Neilsen
Suite 900, 1006 Fourth Street
Sacramento, CA 95814

RE: MUR 413(77)

Dear Mr. Hodgson:

Enclosed are informal working drafts of the conciliation agreements pertaining to MUR 413 which you requested. These conciliation agreements are only drafts which the General Counsel's Office is prepared to present before the Commission. Please note that the Commission has not approved these agreements and that changes may be instituted upon Commission approval.

This letter also confirms our February 2, 1978 meeting at 9 am with Mr. Neilsen.

If you have any questions, please call Judy Thedford, the staff member assigned to this matter, at 202-523-4166.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413(77)
Gun Owners of California	)	
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of America ("Respondent") had violated 2 U.S.C. §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g (a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

a. Respondent, a political committee which

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supports candidates for Federal office, shared office facilities and administrative expenses with Legislative Action Fund ("LAF") in 1976.

b. LAF was funded as a lobbying organization. The treasury of LAF contained corporate contributions.

c. LAF reimbursed Respondent for LAF's allocation of the shared overhead expenses.

d. In 1976 LAF made payments to Respondent which exceeded actual allocated costs by $17,634.38.

e. LAF's payments which exceeded actual allocated costs were made from an account which contained corporate contributions.

5. Respondent's receipt of payments from LAF constituted acceptance of corporate contributions in violation of 2 U.S.C. §441b.

6. Respondent shall refund a total of to LAF.(Respondent previously repaid to LAF; the amount still to be refunded to LAF is .)

7. Respondent will pay a civil penalty in the amount of Dollars pursuant to 2 U.S.C. §437g(a)(5)(B).

8. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

9. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with

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the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

10. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 9 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matter set forth in this agreement.

11. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF AMERICA

DATE_____

By:_____

Its:_____

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413(77)
Gun Owners of California	)	
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of California ("Respondent") had violated 2 U.S.C. §433 and §434.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

3. Respondent enters voluntarily into this agreement with the Commission.

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

(a) Respondent, a political committee which was initially organized to support state candidates, shared office facilities and administrative expenses with Gun Owners of America in 1976.

(b) Respondent reimbursed Gun Owners of America, a political committee which supports candidates for Federal office, for Respondent's share of the overhead expenses.

(c) Respondent paid Gun Owners of America for overhead expenses from an account which contained no monies prohibited by 2 U.S.C. §441b.

(d) In 1976 Respondent transferred $29,137.20 in excess of its actual allocated share of overhead expenses to Gun Owners of America.

(e) By transferring more than $1,000 in such excess payments to Gun Owners of America, Respondent became a political committee supporting Federal candidates within 2 U.S.C. §431(d) and was required to register and file reports with the Commission.

(f) Respondent was informed by the Commission of the necessity for registering and reporting with the Commission not later than April 1977, but Respondent did not file a statement of organization and financial reports for 1975 and 1976 until August 1977. Respondent violated 2 U.S.C. §433 and §434 by failing to meet the filing deadline required therein.

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5. Respondent will pay a civil penalty in the amount of pursuant to 2 U.S.C. §437g(a)(5)(B).

6. Respondent at all times will comply with the requirements of the Federal Election Campaign Act of 1971, as amended.

7. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

8. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 7 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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9. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street N.W.
Washington, DC 20463

GUN OWNERS OF CALIFORNIA

DATE_____

By:_____

Its:_____

7 8 0 4 0 0 4 1 1 0 3

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413(77)
Gun Owners of California	)	
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that the Legislative Action Fund ("Respondent") had violated 2 U.S.C. §433, §434 and §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

3. Respondent enters voluntarily into this agreement with the Commission.

7804001410

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

(a) Respondent, which was established as a lobbying arm of Gun Owners of America (hereinafter "GOA"), shared office facilities and administrative expenses with GOA.

(b) Respondent reimbursed GOA, a political committee which supports candidates for Federal office, for Respondent's allocated share of the overhead expenses.

(c) In 1976 Respondent transferred to GOA $17,634.38 in excess of its allocated share of overhead expenses.

(d) In August 1976 Respondent's payments to GOA exceeded Respondent's allocated share of overhead expenses by more than $1,000.

(e) Respondent received corporate contributions after August 1976.

(f) Respondent has not filed a statement of organization or financial reports with the Commission.

(g) Respondent was repaid $18,244 by GOA on June 28, 1977 and $13,755.17 on August 15, 1977.

5. Respondent's excess payments to GOA constitute an "expenditure" under 2 U.S.C. §431(f); because such expenditure was greater than $1,000, Respondent was a "political committee" subject to the requirements of the Federal Election Campaign Act of 1971, as amended.

6. Respondent violated 2 U.S.C. §433 and §434 by failing to register and file reports as required therein.

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7. Respondent violated 2 U.S.C. §441b by accepting corporate contributions.

8. Respondent will not in the future transfer funds in excess of $1,000 to any political committee or candidate for Federal office unless it complies with the requirements of 2 U.S.C. §433 and §434.

9. Respondent will pay a civil penalty in the amount of Dollars.

10. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

11. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Act. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

12. This Conciliation Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as set forth in paragraph 11 above, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, DC 20463

LEGISLATIVE ACTION FUND

DATE_____

By:_____

Its:_____

7804004112

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413 (77)
Gun Owners of California	)	
Legislative Action Fund	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on February 1, 1978, the Commission approved without objection the Conciliation Agreements submitted by the FEC General Counsel for each of the above-named respondents.

Commissioner Springer was not present at the time of the vote.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

7804004413

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 17, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 413 (77) - OBJECTION

MUR 413 (77) was circulated to the Commissioners on January 16, 1978 at 3:30.

Commissioner Staebler has submitted an objection at 12:00, this date.

MUR 413 (77) will be placed on the next Executive Session Agenda. As soon as the date has been decided, you will be notified.

cc: Commissioner Staebler

7804001114

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

DATE AND TIME OF TRANSMITTAL JAN 1 7 1978 - 3:32

Commissioner Staebler

RETURN TO OFFICE OF COMMISSION SECRETARY BY: 3:30 JAN 17 1978

MUR No. 113 (77)

(X) I object to the recommendation in the attached report.

COMMENTS: I AGREE IN PRINCIPLE BUT BELIEVE WE SHOULD DISCUSS RATIONALE FOR THE DIFFERENCE IN AMOUNT OF PENALTIES ASSESSED AGAINST GUN OWNERS OF AMERICA AND G.O. OF CALIFORNIA.

Date 1/17/78 Signature [illegible]

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ALL PAPERS TO THE OFFICE OF THE SECRETARY TO THE COMMISSION.

7804004115

January 13, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 413

Please have the attached Memo and Conciliation Agreements on MUR 413 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 13, 1978

MEMORANDUM

TO : The Commission

FROM : William C. Oldaker Rice

SUBJECT : MUR 413
Proposed Conciliation
Agreements

On November 29, 1977, the Commission found reasonable cause to believe that Gun Owners of America violated 2 U.S.C. §441b, Gun Owners of California violated 2 U.S.C. §§433 and 434, and the Legislative Action Fund violated 2 U.S.C. §§433, 434, and 441b. The Commission also voted to initiate conciliation. Attached are three conciliation agreements we propose to send to the respondents.

The attached conciliation agreements reflect figures revised by Tom Haselhorst of the Audit Division to include respondents total activity during 1977.

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John H. Hodgson II
Dobbs & Nielsen
Suite 900 - 1006 Fourth Street
Sacramento, CA 95814

Re: MUR 413(77)

Dear Mr. Hodgson:

On November 29, 1977, the Commission determined there was reasonable cause to believe that Gun Owners of America ("GOA") violated 2 U.S.C. §441b; Gun Owners of California ("GOC") violated 2 U.S.C. §433 and §434; and the Legislative Action Fund ("LAF") violated 2 U.S.C. §§433, 434, and 441b of the Federal Election Campaign Act of 1971, as amended.

Specifically, the Commission found reasonable cause to believe that:

(1) GOA received, as payment for allocated expenses, at least $50,216 from LAF. The acceptance of funds from LAF, whose treasury contained corporate monies, violates the prohibition on acceptance of corporate contributions.

(2) GOC was required to file a Statement of Organization within 10 days from the date that the committee had information which caused it to anticipate that it would receive contributions or make expenditures during the calendar year in an aggregate amount exceeding $1,000; and, to file reports "not later than the

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10th day following the close of any calendar quarter in which the ... political committee concerned ... made expenditures in excess of $1,000." 2 U.S.C. §434(a)(1)(C). GOC filed a Statement of Organization and financial reports for 1976 in August 1977 thereby failing to comply with the reporting deadlines set forth in the Act.

(3) The Act defines a "political committee" as a "group of persons which...makes expenditures during a calendar year in an aggregate amount exceeding $1,000." 2 U.S.C. §431(d). LAF made payments to GOA for overhead expenses which were more than $1,000, thereby qualifying LAF as a political committee. LAF became subject to the Act's reporting requirements and prohibition in corporate contributions but did not comply with these requirements and prohibition.

The Commission has a duty to attempt to correct violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. §437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute a civil suit in United States District Court and seek payment of a civil penalty not in excess of $5,000.

We enclose conciliation agreements that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreements, please sign and return them along with the civil penalties to the Commission within five days. I will then recommend that the Commission approve the agreements.

If you have any questions or suggestions for changes in the enclosed conciliation agreements, please contact Judy Thedford, the staff member assigned to this matter, at 202-523-4166.

Sincerely,

William C. Oldaker
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413(77)
Gun Owners of California	)	
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter "the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of America ("Respondent") had violated 2 U.S.C. §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g (a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

3. Respondent enters voluntarily into this Agreement with the Commission.

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

a. Respondent, a political committee which

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supports candidates for Federal office, shared office facilities and administrative expenses with Legislative Action Fund ("LAF") in 1976.

b. LAF was funded as a lobbying organization. The treasury of LAF contained corporate contributions.

c. LAF reimbursed Respondent for LAF's allocation of the shared overhead expenses.

d. In 1976 LAF made payments to Respondent which exceeded actual allocated costs by $17,634.38.

e. LAF's payments which exceeded actual allocated costs were made from an account which contained corporate contributions.

5. Respondent's receipt of payments from LAF constituted acceptance of corporate contributions in violation of 2 U.S.C. §441b.

6. Respondent shall refund a total of $50,216.76 to LAF.(Respondent previously repaid $31,999.17 to LAF; the amount still to be refunded to LAF is $18,217.59.)

7. Respondent will pay a civil penalty in the amount of Five Thousand ($5,000) Dollars pursuant to 2 U.S.C. §437g(a)(5)(B).

8. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

9. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with

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the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

10. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 9 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matter set forth in this agreement.

11. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

GUN OWNERS OF AMERICA

DATE_____

By:_____

Its:_____

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413(77)
Gun Owners of California	)	
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that Gun Owners of California ("Respondent") had violated 2 U.S.C. §433 and §434.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

3. Respondent enters voluntarily into this agreement with the Commission.

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

(a) Respondent, a political committee which was initially organized to support state candidates, shared office facilities and administrative expenses with Gun Owners of America in 1976.

(b) Respondent reimbursed Gun Owners of America, a political committee which supports candidates for Federal office, for Respondent's share of the overhead expenses.

(c) Respondent paid Gun Owners of America for overhead expenses from an account which contained no monies prohibited by 2 U.S.C. §441b.

(d) In 1976 Respondent transferred $29,137.20 in excess of its actual allocated share of overhead expenses to Gun Owners of America.

(e) By transferring more than $1,000 in such excess payments to Gun Owners of America, Respondent became a political committee supporting Federal candidates within 2 U.S.C. §431(d) and was required to register and file reports with the Commission.

(f) Respondent was informed by the Commission of the necessity for registering and reporting with the Commission not later than April 1977, but Respondent did not file a statement of organization and financial reports for 1975 and 1976 until August 1977. Respondent violated 2 U.S.C. §433 and §434 by failing to meet the filing deadline required therein.

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5. Respondent will pay a civil penalty in the amount of One Thousand Dollars ($1,000) pursuant to 2 U.S.C. §437g(a)(5)(B).

6. Respondent at all times will comply with the requirements of the Federal Election Campaign Act of 1971, as amended.

7. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Federal Election Campaign Act of 1971, as amended. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

8. This Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph 7 hereof, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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9. This Agreement shall become effective as of the date that both parties have executed same and the Commission has approved the entire Agreement.

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street N.W.
Washington, DC 20463

GUN OWNERS OF CALIFORNIA

DATE_____

By:_____

Its:_____

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of America	)	MUR 413(77)
Gun Owners of California	)	
Legislative Action Fund	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after the Commission found reasonable cause to believe that the Legislative Action Fund ("Respondent") had violated 2 U.S.C. §433, §434 and §441b.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. §437g(a)(5), do hereby agree as follows:

1. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

2. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

3. Respondent enters voluntarily into this agreement with the Commission.

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

(a) Respondent, which was established as a lobbying arm of Gun Owners of America (hereinafter "GOA"), shared office facilities and administrative expenses with GOA.

(b) Respondent reimbursed GOA, a political committee which supports candidates for Federal office, for Respondent's allocated share of the overhead expenses.

(c) In 1976 Respondent transferred to GOA $17,634.38 in excess of its allocated share of overhead expenses.

(d) In August 1976 Respondent's payments to GOA exceeded Respondent's allocated share of overhead expenses by more than $1,000.

(e) Respondent received corporate contributions after August 1976.

(f) Respondent has not filed a statement of organization or financial reports with the Commission.

(g) Respondent was repaid $18,244 by GOA on June 28, 1977 and $13,755.17 on August 15, 1977.

5. Respondent's excess payments to GOA constitute an "expenditure" under 2 U.S.C. §431(f); because such expenditure was greater than $1,000, Respondent was a "political committee" subject to the requirements of the Federal Election Campaign Act of 1971, as amended.

6. Respondent violated 2 U.S.C. §433 and §434 by failing to register and file reports as required therein.

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7. Respondent violated 2 U.S.C. §441b by accepting corporate contributions.

8. Respondent will not in the future transfer funds in excess of $1,000 to any political committee or candidate for Federal office unless it complies with the requirements of 2 U.S.C. §433 and §434.

9. Respondent will pay a civil penalty in the amount of Three Thousand ($3,000) Dollars.

10. Respondent at all times will adhere to the requirements of the Federal Election Campaign Act of 1971, as amended.

11. The Commission shall retain jurisdiction over this matter for three (3) years subsequent to the general election of November 2, 1976, to assure compliance with the Act. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

12. This Conciliation Agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as set forth in paragraph 11 above, this Agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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

FEDERAL ELECTION COMMISSION

DATE_____

_____
WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, DC 20463

LEGISLATIVE ACTION FUND

DATE_____

By:_____

Its:_____

7804004130

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gun Owners of California	)	
Gun Owners of America	)	MUR 413 (77)
Legislative Action Fund and	)	
each and every officer of	)	
the above-named committees	)	
responsible for the keeping	)	
of records for the committee(s)	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on November 29, 1977, the Commission determined by a vote of 6-0 to take the following actions in the above-captioned matter:

1. Find reasonable cause to believe that Gun Owners of America has violated 2 U.S.C. Section 441b.

2. Find reasonable cause to believe that Gun Owners of California has violated 2 U.S.C. Sections 433 and 434.

3. Find reasonable cause to believe that the Legislative Action Fund has violated 2 U.S.C., Sections 433, 434, and 441b.

4. Find no reason to believe that Gun Owners of America has violated 2 U.S.C. Sections 433 and 434

5. Instruct the Office of the General Counsel of the FEC to advise the respondents of the above actions and to enter into conciliation efforts in this matter.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

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November 23, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 413 (77) Team #3 Kavanagh

Please have the attached General Counsel's Report on MUR 413 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of November 29, 1977.

Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION
November 22, 1977

Submitted Late

In the Matter of	)	
	)	
Gun Owners of California	)	
Gun Owners of America	)	
Legislative Action Fund and each and every officer of the above named committees responsible for the keeping of records for the committee(s)	)	MUR 413(77)

GENERAL COUNSEL'S REPORT

On August 8, 1977, the Commission found reason to believe that Gun Owners of America (hereinafter "GOA"), a political committee supporting federal candidates, violated 2 U.S.C. §433,[1] 434 and 441b; that Gun Owners of California (hereinafter "GOC"), a political committee supporting only state candidates, violated 2 U.S.C. §433 and 434; and that Legislative Action Fund (hereinafter "LAF"), a lobby organization affiliated with GOA, violated 2 U.S.C. §433, 434 and 441b. The Commission based its determinations on findings by the Audit Division:[2]

The three respondent committees, GOA, GOC, and LAF,

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[1] It now appears that GOA had in fact filed a Statement of Organization as required by 2 U.S.C. §433.

[2] The findings were transmitted by memoranda from Craig Russell and Tom Haselhorst through Bob Costa to Dan Swillinger, dated June 8, 1977.

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shared overhead facilities and administrative expenses. Audits conducted in April and August of 1977 by Commission auditors revealed that GOC and LAF each reimbursed GOA for their allocated share of expenses. The expenses allocated to GOC were based on the proportion of its receipts to the total receipts of GOC and GOA:

$$\frac{\text{GOC Receipts}}{\text{GOC and GOA Total Receipts}}$$

Expenses allocated to LAF were similarly computed:

$$\frac{\text{LAF Receipts}}{\text{LAF and GOA Total Receipts}}$$

GOC

In the course of reimbursing GOA for its share of overhead expenses, GOC repeatedly made payments which exceeded its allocated share of the costs (See Attachment I; Table I). Total payments made by GOC to GOA in 1976 were $272,948.92 with a balance of $29,137.20 exceeding actual amount due.[3] In the months June

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[3]Figures regarding Respondents' payments differ slightly from those set forth in the First General Counsel's Report. This may be accounted for by calculations made by staff during the follow-up audit which took place in August, 1977 (See Attachment I).

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through October, 1976, GOC's balance of excess payments to GOA ranged from $68,186.16 to $119,569.64. This was also the period during which GOA was making most of its contributions to candidates for Federal office. All payments from GOC to GOA were made from a separate GOC account which contained only contributions allowed under Federal law; it does not appear that the overpayments were made with corporate or otherwise illegal funds.

LAF

The treasury of LAF contains, almost exclusively, corporate contributions. In reimbursing GOA for overhead expenses, LAF not only made payments which exceeded its allocated share of costs, but it also used corporate monies in making such payments.

The Commission's audit staff calculates that in 1976 LAF made total payments to GOA of $38,531.53, which exceeded the amount due by $17,634.38. These payments raise two issues. First, GOA's acceptance of any payments from LAF resulted in GOA's indirectly receiving corporate monies. Second, the overpayments by LAF appear to make LAF a "political committee" (§431(d) subject to the requirements of the Act.

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On April 7, 1977, Commission auditors found that in addition to apparently receiving corporate money from LAF, GOA had made numerous errors in its reports of receipts and expenditures. As of the January 31, 1977 Report, receipts had been overstated by $101,101.75, expenditures overstated by $627.16, and ending cash overstated by $100,474.59. Later, in their August 1977 audit, Commission staff found these discrepancies to be accounted for and, according to the Audit Division, satisfactory amendments to the reports have been submitted.

On September 9, 1977, letters were delivered to Respondents notifying them of the Commission's determinations that there was reason to believe various violations had occurred.

Responses - GOC/GOA

Responses were received from the committees on September 12, 1977. Respondents stated that the Commission had approved the GOC/GOA reimbursement procedure in AOR 1976-43 (Attachment II). They also stated that in late 1976 or early 1977, GOA hired an accounting firm as well as requested that the Commission conduct a field audit because "GOA was very concerned that its

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reports had been properly completed and filed." At approximately the same time, the Disclosure Division recommended that the Commission proceed with an "audit for cause" of GOA. Commission auditors began field work at GOA headquarters on April 12, 1977, and returned for a second audit on August 1, 1977.

Commission auditors calculated excess payments of $53,895.85 from GOC to GOA; GOA's accountants calculated excess payments of $29,137.20[4] According to Respondents, the Commission staff advised them "that if GOC decided to waive repayment, then GOC would become a political committee under Federal law and would be required to register and file campaign reports." On August 24, 1977, GOC filed both a statement of organization and reports of receipts and expenditures for 1975 and 1976.

Response - LAF/GOA

In their letter regarding the LAF/GOA relationship, Respondents stated that in AOR 1976-24 the Commission

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[4]The difference between the $53,895.85 calculated by the Commission staff and $29,137.20 calculated by GOA's accountants is explained by the presence of a fourth committee, Law and Order Campaign Committee, which also shared overhead expenses but whose allocated share was paid by GOC (to GOA). The Commission auditors recommend that the Commission accept the excess payment figure of $29,137.20 (Attachment I).

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sanctioned the committees' plans to have LAF and GOA raise funds in the same mailing, "provided the entire cost was borne by the political fund which contains only funds lawfully contributed under the Act (Attachment III). Respondents assert that this statement referred only to the "entire cost" of the mailing. The response states further that a meeting was held on September 10, 1976 with Commission attorney Benjamin Vandergrift and others in order to gain formal approval for the LAF/GOA reimbursement formula. The response reads:

> "this ... allocation formula was confirmed in a letter that Mr. Laney, executive director of GOA, wrote to Mr. Vandergrift on December 3, 1976. Mr. Vandergrift confirms this meeting and the elements of Mr. Laney's letter in his letter back to Mr. Laney of December 30, 1976" (Attachments IV and V).

The accountant hired by GOA found that in 1976 LAF had paid GOA in excess of actual amount due. Respondents assert that the overpayments were not intentional but were, rather, the result of the committees' estimating their allocations at 15% LAF/ 45% GOA/ 40% GOC, when in fact the breakdown was 5.2% LAF/ 55.5% GOA and 39.3% GOC. GOA repaid LAF for all

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of the excessive transfers in two installments: $18,244 on June 28, 1977, and $13,755.17 on August 15, 1977.

In their responses, the three committees repeatedly stated that in the future LAF, GOA, and GOC will contract for all expenses to Computer Caging Company Inc. on a per letter cost basis.

Analysis

GOC/GOA

As stated above, GOC filed with the Commission a Statement of Organization and financial reports for 1975 and 1976. The Disclosure Division states that the contents of the reports meet Commission standards. However, 2 U.S.C. §434 requires (a) that reports be filed not later the 10th day following the close of any quarter in which the political committee concerned received contributions in excess of $1,000 or made expenditures in excess of $1,000, (b) that reports be filed not later than the 10th day before an election and the 30th day after the date of such election. GOC became a "political committee" in October 1975 when it made overpayments to GOA which were more than $1,000, and the reports filed on August 24, 1977 were late.

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In addition, 2 U.S.C. §433 requires that each political committee file a Statement of Organization within 10 days after the date on which it has information which causes it to anticipate receiving or expending more than $1,000. Commission auditors notified Respondents in April 1977 that their transactions qualified GOC as a political committee. In their letter of September 6, 1977 respondents admit that when their accountants' preliminary figures indicated an overpayment from GOC to GOA, GOC's legal counsel requested and received direction from the Commission staff in March 1977 to file their reports. Having not filed their Statement of Organization until August 1977, at least four months later, it appears that GOC has not complied with the requirements of §433.

LAF/GOA

Respondents assert that the Commission staff approved the arrangement whereby LAF paid GOA for LAF's allocation of shared overhead expenses. In particular, Respondents refer to a meeting with Commission attorney Benjamin Vandergrift on September 10, 1976. At that meeting, Respondents claim that approval was given for the LAF/GOA reimbursement arrangement. They state

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further that this approval was confirmed in Mr. Laney's letter to Vandergrift of December 3, 1976 and also in Vandergrift's reply to Laney on December 30, 1976 (Attachments IV and V).

In determining whether LAF was permitted to reimburse GOA for allocated administrative expenses, one must examine the following:

I. Commission Policy - The Commission has clearly stated that a political committee supporting Federal candidates may not under any circumstances receive corporate or otherwise prohibited funds. This was put forth in AOR 1976-43 (August 6, 1976) which was addressed to Vigo G. Nielsen, Jr. and concerned the GOC/GOA allocation-reimbursement arrangement:

> In order to assure that corporate, labor organization, or other funds prohibited by Federal law are not being indirectly routed to the Federal committee by the described arrangement, Gun Owners of California must continue its stated procedure of making payment from funds held in a separate account that does not contain corporate or other donations that could not be lawfully made under Federal law.

The same requirements set out in the opinion concerning GOC and GOA apply to the identical relationship between LAF and GOA.

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II. AOR 1976-24

The Commission stated in AOR 1976-24 (July 29, 1976) that LAF and GOA could solicit contributions in the same mailing "provided the entire cost is borne by the political fund which only contains funds lawfully contributed under the Act." In consideration of Commission policy this sentence can be construed to refer to all costs, thereby prohibiting LAF from reimbursing GOA for administrative as well as mailing expenses. It appears the Commission's instructions that the federal fund (GOA) bear all expenses were intended to prevent the possibility that LAF (with its corporate monies) might engage in a reimbursement scheme such as the one at issue.

III. Confirmation letters

Respondents state that the Commission staff approved the LAF/GOA reimbursement arrangement and supposedly confirmed this approval in letters dated December 3, 1976 and December 30, 1976. In this connection, it should first be noted that this correspondence occurred two and two and a half months, respectively, after the date of the FEC-GOA meeting (September 10, 1976). Second, Vandergrift's response to Laney states that the proposals by GOA were "in compliance with the reporting

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provisions of the FECA" (emphasis added). LAF's payments to GOA for shared expenses does not concern reporting requirements, and therefore is not confirmed by Vandergrift's letter.

IV. 2 U.S.C. §437f

The Act provides that advisory opinions be issued upon written request from political committees (§437f). However, this section of the law also states that

> No opinion of an advisory nature may be issued by the Commission or any of its employees except in accordance with the provisions of this section.

On the basis of this language, Respondents could rely on Commission advice only if it were delivered in an advisory opinion. Conversations held between Respondents' counsel and Commission staff would not limit Commission enforcement action, if there appears to be a violation of the Act.

Previous Commission policy has been to prohibit the receipt of corporate funds by a committee supporting federal candidates. Therefore, in accepting monies from LAF's treasury which included corporate contributions, it appears that GOA is in violation of §441b. Furthermore,

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at the time LAF's expenditures (in the form of overpayments to LAF) exceeded $1,000 LAF became a political committee subject to the requirements of the FECA. Having failed to register and report and having received contributions from corporations after the time it achieved status as a political committee, LAF appears to have violated 2 U.S.C. §433, 434 and 441b.

Recommendation

1. Find reasonable cause to believe that GOA has violated 2 U.S.C. §441b.

2. Find reasonable cause to believe that GOC violated 2 U.S.C. §433 and 434.

3. Find reasonable cause to believe that LAF violated 2 U.S.C. §433, 434 and 441b.

4. Find no reason to believe that GOA violated 2 U.S.C. §433 and 434.

5. Send attached letter and initiate conciliation.

23 November 1977
(Date)

William C. Oldaker
General Counsel

Charlie N. Steele
Associate General Counsel

7804001445

11/22/77 9:12AM

ATTACHMENT I

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 22, 1977

MEMORANDUM

TO: BILL OLDAKER
KATHRYN KAVANAGH

THROUGH: ORLANDO B. POTTER

FROM: BOB COSTA/CRAIG RUSSELL

SUBJECT: GUN OWNERS OF AMERICA, GUN OWNERS OF CALIFORNIA, GOA LEGISLATIVE ACTION FUND

Attached is a memorandum discussing the results of our follow-up audit of the above Committees as they pertain to the issues raised in MUR 413(77). Also included is a reconciliation of the differences between the audit staff and the Committees in the net over-payment figures for shared administrative overhead between GOA/GOC and GOA/LAF (schedules attached). Finally, our comments to some of the points raised by the Committees in their responses to the Commission's Reason-To-Believe letters are discussed.

If you have any questions, please call Craig Russell on Extension 3-4155.

Attachments as stated.

7804004145

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 22, 1977

MEMORANDUM

TO: BILL OLDAKER
KATHRYN KAVANAGH

THROUGH: ORLANDO B. POTTER

FROM: BOB COSTA/CRAIG RUSSELL

SUBJECT: GUN OWNERS OF AMERICA, GUN OWNERS OF CALIFORNIA, GOA LEGISLATIVE ACTION FUND

I. Information Generated by Second Audit of August 1-12, 1977 Relevant to MUR 413(77)

A. Gun Owners of America/Gun Owners of California

In the course of completing the audit of Gun Owners of America (GOA) and performing the audit of Gun Owners of California (GOC), several key questions were examined as they relate to issues raised in MUR 413(77). The following is a brief outline of the results.

It was reported to us by Committee officials that all transfers from GOC to GOA had been made from GOC's "federal support fund" which contained only contributions permissable under the FECA (i.e., individual, and other non-corporate contributions). Our examination of transfers to GOA from GOC confirmed that all had originated from the Federal Support Fund with the exception of one transfer made in error for $45.00 from another GOC account which the Audit staff feels to be insignificant. Our judgmental review of deposits to the GOC Federal Support Fund Account showed no corporate or other federally prohibited contributions, thus confirming the effectiveness of the Committee's system for segregating receipts. Our examination of GOC records also showed no inter-bank transfers to the Federal Support Fund from the two other GOC accounts.

B. Gun Owners of America/GOA Legislative Action Fund

As a result of issues raised in MUR 413(77) the relationship between GOA and Gun Owners of America Legislative Action Fund (LAF) was explored in greater depth during the GOA/GOC follow-up audit. The following information concerning LAF and the operation of its bank accounts was related to us at that time by Committee representatives.

During January-March, 1976, all contributions received by GOA which possibly were corporate contributions were deposited into the GOA account and refund checks written for approximately all of the contributions. Commencing in April, in anticipation of the formation of LAF, all such checks were simply held undeposited until May when LAF was formally established. Until August of 1976 all "suspect" checks went directly to the LAF account. At that time the Committee decided that too many checks were going to LAF that, in actuality, legally could go to GOA. Therefore, the LAF "holding" account was set-up. This account received possible corporate contributions which came in payable to GOA. In such instances confirmation letters would be mailed to the contributors and, depending on the responses, the amounts channeled theoretically to GOA (if non-corporate) or LAF (if corporate), were refunded to the contributors, or exchanged for personal checks mailed in as replacements. All contributions solicited by LAF and coming in payable to LAF went directly into the LAF regular account.

Conversations with the Executive Director of GOA confirmed that, to the best of his knowledge, LAF funds were 100% corporate or apparent corporate contributions. The funds deposited into the LAF "holding account" were tacitly acknowledged as such, in our opinion, because that account showed a steady build-up of funds from August, 1976 onwards, and the only two withdrawals were for large sums to transfer to the LAF regular account in March and May of 1977 (totalling approximately $75,000), at which time LAF "holding" was closed out.

As an additional cross-check, bank records were examined for any transfers from the LAF accounts to GOC Federal Support Fund Account. Only one transfer for $25.00 was found which the Audit staff feels to be insignificant.

C. Other Relationships

Regarding GOC, another Committee forms part of the picture and its relationship with GOC was explored as relating to issues discussed in this memorandum. That Committee, The Law and Order Campaign Committee (LOCC) was formed in March of 1976 with the help of a series of advances from GOC totalling $20,850.00. GOC also advanced to GOA, LOCC's share of administrative overhead (discussed below). LOCC's bank records were examined, and no transfer from LOCC to either GOA (directly) or GOC's Federal Support Fund were discovered.

II. Reconciliation of GOC/GOA and LAF/GOA Net Overpayment of Overhead Expenses Between Audit Staff Figures and Committee Figures

A. GOC Overpayment to GOA

As a result of the follow-up audit in August, additional information became apparent which caused us to revise our figures originally used in calculating the net overpayment from GOC to GOA (see Chart I in 6/8/77 interim report). Two repayments from GOC to GOA totalling $10,800 were deleted from our original calculations for total dollars transferred from GOC to GOA because they were reimbursements of direct GOC expenses and not related to the administrative overhead. A $5,000 postage transfer from GOC on behalf of GOA in early October 1975 revealed during the follow-up audit was added to our figures. In addition, the method of computing allocable shares of overhead expenses for each committee was changed to more accurately reflect the months for which the various committees were actually in existence over the course of 1976.

Based on the additional information summarized above, our revised net overpayment by GOC to GOA stands at $53,895.85 (see Appendix I attached). This compares with the $29,137.20 incorporated into the recent reports filed by GOC. The difference, $24,758.65, represents the overhead attributable to the Law and Order Campaign Committee which, according to GOC officials, was advanced to GOA on LOCC's behalf by GOC. LOCC was created in March of 1976 with start-up loans from GOC. GOC officials contend that it was the intention of GOC to underwrite all of LOCC's expenses to include its administrative overhead. GOC reflects both the loan and the overhead as debts owed to it by LOCC on its reports. GOC officials believe that since LOCC is, in effect, a creation of GOC, its share of allocable overhead expenses can be legitimately included in GOC's overall share of these expenses. This would have the effect of reducing the amount of over-payment accordingly.

It is our opinion that, although there is no documentation other than oral testimony to confirm that it was GOC's intention from the start to "bankroll" LOCC (as opposed to some after-the-fact rationale for reducing the net overpayment), we cannot disprove it either. Accordingly, we feel that GOA/GOC's latest overpayment balance as of 12/31/76 as put forth by the Committee, $29,137.20 should be accepted.

B. LAF Overpayment to GOA

In the Committee's amended schedule of August, 1977, they show a net overpayment from LAF to GOA of $15,721.40, as of 12/31/76. This compares with our figure of $17,634.38, for a difference of $1,912,98 (See Appendix II attached). This latter amount represents a figure shown by the Committee for "Amount Due Per Allocation Schedule-(LAF owes GOA)" for December of 1976. This figure is neither supported by their own accounting records nor the Audit staff's examination results. The major difference between the Audit staff's original overpayment balance (Chart II, 6/8/76 Report) of $21,940.02 and our figure above, $17,634.38, stems from $4,177.02 worth of LAF payroll taxes paid by GOA in 1976 which had the effect of reducing the over-payment balance accordingly. GOA's payment of these payroll taxes for LAF was verified by staff during the follow-up audit.

It is our recommendation that, unless we receive satisfactory documentation supporting the above unexplained increase in allocable expenses for LAF ($1,912.98), that the balance of $17,634.38 be considered by the Office of General Counsel as the net overpayment total (which consisted of apparent corporate contributions as noted in Part I B above), as of 12/31/76, from LAF to GOA.

III. Audit Staff Comments on Committee Responses to Reason-To-Believe Letters

A. MUR 413(77) Gun Owners of America

(1) On page 3, paragraph 1, response states: "Mr. Mims was told that GOC payments were never loans but, in fact, they were payments made for administrative costs pursuant to AOR 76-43."

We would disagree with the implication above in that these "payments for administrative costs" were not such, since the payments, especially from April on, bore so little relation to GOC's share of administrative costs for those periods. They became more in the nature of, in effect, advances against future expected share of administrative overhead.

(2) On page 3, paragraphs 2, 3 and 4 give the impression that it was basically GOA/GOC's idea to have GOC register and file reports in connection with the overpayment, and that the question was only how at the time of our first audit in April, 1977. It is the Audit staff's opinion that at that time the subject of GOC registering and filing was at our request, not their suggestion.

B. MUR 413(77) GOA Legislative Action Fund

(1) On page 4, paragraph 1 is a misleading reference to the Audit staff's "basically confirming" the Committee's figures for payments and allocation of expenses between GOC and GOA, and LAF and GOA. This is essentially true with respect to GOC/GOA, however, as indicated above, the payment relationship between LAF and GOA still remains in question.

(2) On page 5, paragraph 4 is an indication of the repayment by GOA to LAF on June 28, 1977, of $18,244, as well as payment on August 15, 1977, from GOA to LAF for additional dollars advanced to GOA from LAF in January of 1977 for allocated administrative expenses for that month, the amount of which is unknown to us. We are in the process of requesting from the Committees involved documentation of the above transactions.

Attachments as stated

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Appendix I

GUN OWNERS OF AMERICA CAMPAIGN COMMITTEE

Revised * Summary of Receipts from GOC and Allocation of Joint Administrative Expenses to GOC Based on Actual Varying Share of Contributions Received

Period		Allocatable Admin. Exp. Based on GOC's Actual Share of Total Contributions by Period	Transfers In to GOA from GOC	Net Balance Overpayment (Underpayment)	GOA Cash-On-Hand at End of Period per Records
1975					
October		$ -0-	$ 5,000.00	$ 5,000.00	
November		6,900.00	7,000.00	5,100.00	
December		3,439.73	10,339.73	12,000.00	$19,682.27
1976					
January-March 31	(35.9%)	35,193.95	38,315.19	15,121.24	32,843.76
April	(35.9%)	18,437.71	28,800.00**	25,483.53	22,049.66
May	(35.9%)	22,285.30	23,000.00**	26,198.23	33,150.72
June	(41.3%)	22,810.93	83,864.00**	87,251.30	76,887.39
July	(41.3%)	16,311.66	48,630.00**	119,569.64	36,318.31
August	(41.3%)	24,243.70	-0-	95,325.94	57,431.80
September	(41.3%)	17,139.78	(10,000.00)**	68,186.16	57,839.64
Oct.1-18	(41.3%)	11,361.33	38,000.00	94,824.83	66,808.67
Oct.19-Dec.31	(41.3%)	40,928.98	-0-	53,895.85	61,220.47
Totals		$219,053.07	$272,948.92	$53,895.85	

Less: Net Overpayment According to GOA per their Amended Schedule of 8/77	29,137.20
Difference	$24,758.65***

* Revised as a result of additional fieldwork conducted 8/1-8/12/77.

** Net of Payments of GOC Postage by GOA.

*** Represents share of administrative overhead attributable to the Law and Order Campaign Committee (LOCC) for the period June-Jan., 1976 which was payable to GOA and advanced by GOC on behalf of LOCC. GOC presently shows the advance on behalf of LOCC as a receivable from LOCC on its schedule of debts and obligations. GOC feels this can be legitimately reflected in their share of administrative overhead and, hence, reduces the overpayment balance accordingly.

TABLE I

GUN OWNERS OF AMERICA CAMPAIGN COMMITTEE

*Revised Summary of Receipts from LAF, GOA Payments On Behalf Of LAF, and Allocation of Expenses to LAF Based on 5.2% Actual Share of Contributions Received

Period	Allocatable Admin. Exp. Based on 5.2%***	GOA Payment of LAF Payroll Taxes	LAF Transfers to GOA	Balance Overpayment (Underpayment)
June	$ 2,872.08			$(2,872.08)
July	2,053.77			(4,925.85)
August	3,052.48		$20,133.50	12,155.17
September	2,158.04			9,997.13
October 1-18	1,430.48		9,105.99	17,672.64
Oct.19-Dec.31	5,153.28	$4,177.02	9,292.04	17,634.38
Totals	$16,720.13	$4,177.02	$38,531.53	$ 17,634.38
Net Overpayment According to Committee's Amended Schedule of 8/77				15,721.40
		Difference		$ 1,912.98**

* Revised as a result of additional fieldwork conducted 8/1-8/12/77

** Difference represents amount of allocated expenditures due GOA which Committee listed for December 1976 per their schedule. This amount is not supported by accounting records or our examination.

*** Actual % to 2 decimal places is 5.16 which the Audit staff originally used. Committee rounded-up to nearest 10th decimal place. As difference amounts to .0004 or $128.62, Audit staff feels this is not significant and does not warrant contention.

TABLE II

ATTACHMENT II

6 AUG 1976

Re: AOR 1976-43

Vigo G. Nielsen, Jr., Esquire
Dobbs, Doyle & Nielsen
Suite 2500, The Alcoa Building
One Maritime Plaza
San Francisco, California 94111

Dear Mr. Nielsen:

This letter responds further to your request of June 4, 1976, for an opinion concerning the reporting requirements for payments by Gun Owners of California, a non-Federal committee, to Gun Owners of America, a Federal committee, for use of the Federal committee's facilities and staff.

Under 2 U.S.C. §437f of the 1976 Amendments to the Federal Election Campaign Act of 1971, the Commission is required to initially propose rules of general applicability by regulation rather than by advisory opinion. The Commission has recently given final approval to proposed regulations which have been transmitted to Congress pursuant to 2 U.S.C. §438(c). Copies of pertinent sections of those regulations are enclosed.

Sections 104.2(b)(10) and (b)(11) of the proposed regulations appear to be directly relevant to your question. Gun Owners of America, the Federal committee, should report in a timely fashion its disbursements for administrative purposes (including personnel and overhead) as "expenditures" pursuant to subsection (b)(10) whether or not those disbursements are for support services provided on a reimburseable basis to Gun Owners of California.

In addition, Gun Owners of America should report as an obligation owed to it by Gun Owners of California any amount determined to be the non-Federal committee's allocated administrative expenses if that amount exceeds $500 or if $500 or less has been outstanding for over sixty days from the date incurred. See §104.8 of the proposed regulations.

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Upon reimbursement, Gun Owners of America should report the receipt as a payment for administrative support services rendered to Gun Owners of California. If any payment of this type relates to retirement of a reportable outstanding debt owed by Gun Owners of California to Gun Owners of America, then the reduction or retirement of that debt is also required to be reported.

The Commission notes its general audit and investigative authority with respect to payments made by Gun Owners of California in consideration of services and facilities provided by Gun Owners of America, and emphasizes that such payments not be in excess of any amounts that Gun Owners of California would be required to pay if it obtained similar services from another source. The obvious concern of the Commission in this respect is that the payments made by Gun Owners of California are not a device to provide additional funds to Gun Owners of America circumventing the contribution limits of 2 U.S.C. §441a.

In order to assure that corporate, labor organization, or other funds prohibited by Federal law are not being indirectly routed to the Federal committee by the described arrangement, Gun Owners of California must continue its stated procedure of making payment from funds held in a separate account that does not contain corporate or other donations that could not be lawfully made under Federal law.

This response relates to your opinion request but may be regarded as informational only and not as an advisory opinion since it is based in part on proposed regulations of the Commission which must be submitted to Congress. The proposed regulations may be prescribed in final form by the Commission only if not disapproved either by the House or the Senate within thirty legislative days from the date received by them. 2 U.S.C. §438(c). The proposed regulations were submitted to Congress on August 3, 1976. It is the Commission's view that no enforcement or compliance action should be initiated in this matter if the actions of the political committee conform to the conclusions and views stated in this letter.

Sincerely yours,

Vernon W. Thomson
Chairman for the
Federal Election Commission

Enclosure

DSkover/BVandegrift/NBLitchfield:scc 8/4/76 (O/R #633)

cc: NBLitchfield, JGMurphy, DSkover, BVandegrift BMW

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ATTACHMENT III

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

29 JUL 1976

Re: ACR 1976-24

Vigo G. Nielsen, Jr., Esquire
Dobbs, Doyle & Nielsen
The Alcoa Building, Suite 2500
One Maritime Plaza
San Francisco, California 94111

Dear Mr. Nielsen:

This letter is in response to your letter of May 26, 1976, on behalf of Gun Owners of America. You requested an advisory opinion regarding application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to solicitation of both political and legislative funds in the same mailing.

You stated that Gun Owners of America is registered as a political committee with the Commission and has complied with various filing and contribution requirements under the Act. You informed us that the organization plans to establish "a separate segregated fund" (Special Legislative Action Fund) to be used solely for legislative purposes unrelated to Federal elections. It is expected that this fund will, inter alia, receive contributions from those persons and groups who cannot legally make contributions in connection with a Federal election. Donors will designate their intent to contribute to the legislative fund by means of a reply card enclosed in the fundraising letters sent by Gun Owners.

You request our opinion as to whether solicitations for donations to the Special Legislative Action Fund can be included in the same mailing which seeks political contributions provided the entire cost is borne by the political fund which only contains funds lawfully contributed under the Act. It is the view of the Commission that, under these factual circumstances, the Act does not prohibit the solicitation of contributions to both funds in the same mailing.

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We emphasize that 2 U.S.C. §431(e) defines "contribution" in terms of the donor's purpose to influence a nomination or election. Therefore, it is important that a reply card, or some other means, is provided for the contributor expressly to designate his or her desire to contribute to the political contribution fund or to the legislative fund.

Furthermore, we note that the entire organization of Gun Owners of America is registered as a political committee. Under §102.6(b)(1) of our proposed regulations, the committee would thus continue to report "all receipts and expenditures." Therefore, Gun Owners of America may wish to register only the Federal campaign aspect of its operations as a separate political committee which would alone be required to report under the Act. A separate bank account would have to be established for this committee and the committee would be subject to the provisions of §102.6(c). A copy of the cited sections from the proposed regulations is enclosed, although changes may be made by the Commission in these sections in the next few days. The final draft language as sent to the Congress will be published in the Federal Register.

This response relates to your opinion request but may be regarded as informational only and not as an advisory opinion since it is based in part on proposed regulations of the Commission which must be submitted to Congress. The proposed regulations may be prescribed in final form by the Commission only if not disapproved either by the House or the Senate within thirty legislative days from the date received by them. 2 U.S.C. §438(c). It is the Commission's view that no enforcement or compliance action should be initiated in this matter if the actions of the political committee you represent conform to the conclusions and views stated in this letter.

Sincerely yours,

Vernon W. Thomson
Chairman for the
Federal Election Commission

Enclosure

7804004157

ATTACHMENT IV

8

OFFICERS
SENATOR H. L. RICHARDSON
Founder and Chairman
JOHN E. BIANCHI
Committee Treasurer
W. E. LANEY, JR.
Executive Director and Campaign Treasurer
TIM MAGE
Field Representative

CONGRESSIONAL ADVISORY BOARD
United States Senate
JESSE A. HELMS
North Carolina

United States Congress
LAWRENCE P. McDONALD
Georgia
MANUEL LUJAN, JR.
New Mexico
JOHN M. ASHBROOK
Ohio

JOHN H. ROUSSELOT
California
STEVEN D. SYMMS
Idaho
TRENT LOTT
Mississippi
PHILIP M. CRANE
Illinois
GEORGE V. HANSEN
Idaho

NATIONAL ADVISORY BOARD
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Guns Editor, True Magazine
ARLEN L. CHANEY
Marketing Manager
Olin Industries
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Member, Shooting Committee
U.S. Olympic Team
LT. COL. LYMAN P. DAVISON
Director of Research and Testing
American Federation of Police
DAVID M. ECKER
Charter Arms Co.
ELGIN T. GATES
DEAN P. GRENNELL
[illegible]
BOB HAGEL
Hunting Editor, Rifle Magazine
FRED T. HUNTINGTON
President, RCBS Inc.
ROBERT HUTTON
RICK JAMISON
Assistant Editor
Handloader-Rifle Magazine
J. D. JONES
ELMER M. KEITH
Executive Editor, Guns & Ammo Magazine
TURNER KIRKLAND
President, Dixie Gun Works, Inc.
NEAL KNOX
Editor and Publisher
Handloader-Rifle Magazine
GORDON T. LISSER
Past President, Maxi Shot Club
DR. LOREN E. LUTZ
C. J. McELROY
Founder, Safari Club International
MAJOR GEORGE C. NONTE, JR.
JACK O'CONNOR
Executive Editor, Hunting Magazine
ANDY OLDFIELD
JAMES A. OLT
Secretary-Treasurer, P. S. Olt Co.
FRANK A. PACHMAYR
President, Pachmayr Gun Works
NEALE A. PERKINS
President, Safariland
WILLIAM R. RUGER
President, Sturm, Ruger & Co., Inc.
HARRY W. SANFORD
TDE Corporation
THOMAS J. SIATOS
Petersen Publishing Co.
SKEETER SKELTON
RAYMOND G. SPEER
Speer Incorporated
R. A. STEINGLER
DR. JOE SWEET, D.D.S.
HAL SWIGGETT
CHARLES E. WARREN
President, Pointness Warren, Inc.
ROY E. WEATHERBY
President, Weatherby Firearms
DANIEL B. WESSON
Dan Wesson Arms, Inc.
MASON WILLIAMS

951 ARDEN WAY • SACRAMENTO, CALIFORNIA 95815

Gun Owners of America
CAMPAIGN COMMITTEE
'76

December 3, 1976

Mr. Ben Van Degrift

[illegible]
Washington, D.C. 20463

Re: Gun Owners of America, # C00030999

Dear Mr. Van Degrift:

The purpose of this letter is to confirm the agreement we reached on 10 September, 1976, regarding plans for distribution of costs associated with Gun Owners of America Legislative Action Fund. The meeting you and I had with Mr. Al Kema and Bruce Forister was most beneficial in the subsequent development and implimentation of the program outlined below.

1. As you recommended all fund-raising letters mailed by Gun Owners of America include specific information and instructions applicable to solicitations and contributions to the Legislative Action Fund. The required data appears in the letter and contributor form, Ref. Enclosure 1 & 2.

2. To help solve problems in identifying personal money contributions drawn from "Special" checking accounts, "Funds" and other type accounts that could be on businesses or associations, a signature line, indicating that the contribution is purely personal has been placed on the contribution form, Ref. Enclosure 2. As we agreed, if the contributor does not sign the form and a question exists, action will be initiated to: (a) establish acceptability as a contribution to the Campaign Committee; (b) direct the contribution to the Legislative Action Fund; or (c) return the contribution to the sender. Pending resolution of the inquiry the contribution will be deposited in a special segregated, holding account. Upon varification of acceptability the money will be transferred to the Campaign Committee account or the Legislative Action Fund account as appropriate.

A Political Committee dedicated to crime control not gun control—and organized to defeat anti-gun politicians.

Printed by SIERRA COPY · 2031 J Street · Sacramento, CA

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Contributions not acceptable by the Campaign Committee will be transferred from the Holding account to the Legislative Action Fund or returned to the contributor as directed.

3. Costs incurred by the Campaign Committee associated with fund-raising for the Legislative Action Fund will be reimbursed after final accounting of each mailing (a period not more than 90 days after mailing or a point where daily returns have substantially stopped). Distribution of costs will be equal to the percent of total contributions from the mailing directed to the Legislative Action Fund.

Should there be additional information desired regarding this program please advise.

I wish to express my sincere appreciation for the absolutely outstanding cooperation and assistance that you and the other employees in all Departments of the Federal Election Commission have extended to me this last year.

Yours truly,

Will Laney

WILLIS E. LANEY, JR.

WELjr:pal
cc; Chip Neilson

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ATTACHMENT V

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

December 30, 1976

Willis E. Laney, Jr.
Gun Owners of America
951 Arden Way
Sacremento, California

Dear Mr. Laney:

This is in response to your letter to me dated December 3, 1976. Both [illegible]l Keema and I have reviewed your proposals and find them to be in compliance with the reporting provisions of the Federal Electi[illegible]n Campaign Act of 1971, as amended.

We do, however, suggest one addition. Your contributor reply form should include a space and instructions for disclosi[illegible]g "occupation and pr[illegible]nci[illegible]l place of business." Such an a[illegible]dition would f[illegible]ili[illegible]ate your reporting under the Act. It is not, of [illegible]urs[illegible], a requirement imposed by statute.

Thank you for your coope[illegible]on i[illegible] this [illegible]er.

Sincere[illegible]y yo[illegible]

[illegible]emi[illegible] M. [illegible]
Special Counsel

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John H. Hodgson II
Dobbs & Nielsen
Suite 900 - 1006 Fourth Street
Sacramento, CA 95814

Dear Mr. Hodgson:

This is to notify you that the Federal Election Commission has received and considered your responses to their letters of August 8, 1977 regarding possible violations by Gun Owners of America, Gun Owners of California and Legislative Action Fund.

On the basis of the information provided by your office as well as the findings by our audit staff, the Commission has determined the following:

(1) There is reasonable cause to believe that Gun Owners of California (GOC) violated 2 U.S.C. §433 and 434. These sections of the statute require (a) that a statement of organization be filed within 10 days from the date that the committee has information which causes it to anticipate receiving contributions or making expenditures be filed "not later than the 10th day following the close of any calendar quarter in which the ... political committee concerned ... made expenditures in excess of $1,000." In August of 1977, the GOC filed their statement of organization and financial reports for 1976; however, they failed to comply with the reporting deadlines set forth in the Act.

(2) There is reasonable cause to believe that Legislative Action Fund (LAF) violated 2 U.S.C. §§433, 434 and 441b. The FECA defines "political committee"

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

as a "group of persons which ... makes expenditures during a calendar year in an aggregate amount exceeding $1,000" (2 U.S.C. §431(d)). LAF made payments to GOA for overhead expenses which were more than $1,000 in excess of actual costs, thereby qualifying LAF as a political committee. LAF became subject to the Act's reporting requirements and prohibition on corporation contributions. It appears that LAF failed to comply with these requirements and prohibition.

(3) There is reasonable cause to believe that GOA violated 2 U.S.C. §441b. GOA received, as payment for allocated overhead expenses at least $38,531.53 from LAF. The acceptance of funds from LAF, the treasury of which contained corporate monies, would constitute a violation of the Act.

Having found reasonable cause to believe, the Commission shall attempt to conciliate in this matter. Accordingly, I have enclosed a proposed conciliation agreement. Please note that this is a working draft, and has not been approved by the Commission. In order to insure that we meet the stipulations of 2 U.S.C. §437g, please review the agreement and respond to this office within 5 days from receipt of this letter.

If you have any questions, Kathryn Kavanagh (202-523-4039) is the staff member assigned to this matter.

Sincerely,

William C. Oldaker
General Counsel

Charles N. Steele
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 22, 1977

MEMORANDUM

TO: BILL OLDAKER
KATHRYN KAVANAGH

THROUGH: ORLANDO B. POTTER

FROM: BOB COSTA/CRAIG RUSSELL

SUBJECT: GUN OWNERS OF AMERICA, GUN OWNERS OF CALIFORNIA, GOA LEGISLATIVE ACTION FUND

Attached is a memorandum discussing the results of our follow-up audit of the above Committees as they pertain to the issues raised in MUR 413(77). Also included is a reconciliation of the differences between the audit staff and the Committees in the net over-payment figures for shared administrative overhead between GOA/GOC and GOA/LAF (schedules attached). Finally, our comments to some of the points raised by the Committees in their responses to the Commission's Reason-To-Believe letters are discussed.

If you have any questions, please call Craig Russell on Extension 3-4155.

Attachments as stated.

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 22, 1977

MEMORANDUM

TO: BILL OLDAKER
KATHRYN KAVANAGH

THROUGH: ORLANDO B. POTTER

FROM: BOB COSTA/CRAIG RUSSELL

SUBJECT: GUN OWNERS OF AMERICA, GUN OWNERS OF CALIFORNIA, GOA LEGISLATIVE ACTION FUND

I. Information Generated by Second Audit of August 1-12, 1977 Relevant to MUR 413(77)

A. Gun Owners of America/Gun Owners of California

In the course of completing the audit of Gun Owners of America (GOA) and performing the audit of Gun Owners of California (GOC), several key questions were examined as they relate to issues raised in MUR 413(77). The following is a brief outline of the results.

It was reported to us by Committee officials that all transfers from GOC to GOA had been made from GOC's "federal support fund" which contained only contributions permissable under the FECA (i.e., individual, and other non-corporate contributions). Our examination of transfers to GOA from GOC confirmed that all had originated from the Federal Support Fund with the exception of one transfer made in error for $45.00 from another GOC account which the Audit staff feels to be insignificant. Our judgmental review of deposits to the GOC Federal Support Fund Account showed no corporate or other federally prohibited contributions, thus confirming the effectiveness of the Committee's system for segregating receipts. Our examination of GOC records also showed no inter-bank transfers to the Federal Support Fund from the two other GOC accounts.

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B. Gun Owners of America/GOA Legislative Action Fund

As a result of issues raised in MUR 413(77) the relationship between GOA and Gun Owners of America Legislative Action Fund (LAF) was explored in greater depth during the GOA/GOC follow-up audit. The following information concerning LAF and the operation of its bank accounts was related to us at that time by Committee representatives.

During January-March, 1976, all contributions received by GOA which possibly were corporate contributions were deposited into the GOA account and refund checks written for approximately all of the contributions. Commencing in April, in anticipation of the formation of LAF, all such checks were simply held undeposited until May when LAF was formally established. Until August of 1976 all "suspect" checks went directly to the LAF account. At that time the Committee decided that too many checks were going to LAF that, in actuality, legally could go to GOA. Therefore, the LAF "holding" account was set-up. This account received possible corporate contributions which came in payable to GOA. In such instances confirmation letters would be mailed to the contributors and, depending on the responses, the amounts channeled theoretically to GOA (if non-corporate) or LAF (if corporate), were refunded to the contributors, or exchanged for personal checks mailed in as replacements. All contributions solicited by LAF and coming in payable to LAF went directly into the LAF regular account.

Conversations with the Executive Director of GOA confirmed that, to the best of his knowledge, LAF funds were 100% corporate or apparent corporate contributions. The funds deposited into the LAF "holding account" were tacitly acknowledged as such, in our opinion, because that account showed a steady build-up of funds from August, 1976 onwards, and the only two withdrawals were for large sums to transfer to the LAF regular account in March and May of 1977 (totalling approximately $75,000), at which time LAF "holding" was closed out.

As an additional cross-check, bank records were examined for any transfers from the LAF accounts to GOC Federal Support Fund Account. Only one transfer for $25.00 was found which the Audit staff feels to be insignificant.

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C. Other Relationships

Regarding GOC, another Committee forms part of the picture and its relationship with GOC was explored as relating to issues discussed in this memorandum. That Committee, The Law and Order Campaign Committee (LOCC) was formed in March of 1976 with the help of a series of advances from GOC totalling $20,850.00. GOC also advanced to GOA, LOCC's share of administrative overhead (discussed below). LOCC's bank records were examined, and no transfer from LOCC to either GOA (directly) or GOC's Federal Support Fund were discovered.

II. Reconciliation of GOC/GOA and LAF/GOA Net Overpayment of Overhead Expenses Between Audit Staff Figures and Committee Figures

A. GOC Overpayment to GOA

As a result of the follow-up audit in August, additional information became apparent which caused us to revise our figures originally used in calculating the net overpayment from GOC to GOA (see Chart I in 6/8/77 interim report). Two repayments from GOC to GOA totalling $10,800 were deleted from our original calculations for total dollars transferred from GOC to GOA because they were reimbursements of direct GOC expenses and not related to the administrative overhead. A $5,000 postage transfer from GOC on behalf of GOA in early October 1975 revealed during the follow-up audit was added to our figures. In addition, the method of computing allocable shares of overhead expenses for each committee was changed to more accurately reflect the months for which the various committees were actually in existence over the course of 1976.

Based on the additional information summarized above, our revised net overpayment by GOC to GOA stands at $53,895.85 (see Appendix I attached). This compares with the $29,137.20 incorporated into the recent reports filed by GOC. The difference, $24,758.65, represents the overhead attributable to the Law and Order Campaign Committee which, according to GOC officials, was advanced to GOA on LOCC's behalf by GOC. LOCC was created in March of 1976 with start-up loans from GOC. GOC officials contend that it was the intention of GOC to underwrite all of LOCC's expenses to include its administrative overhead. GOC reflects both the loan and the overhead as debts owed to it by LOCC on its reports. GOC officials believe that since LOCC is, in effect, a creation of GOC, its share of allocable overhead expenses can be legitimately included in GOC's overall share of these expenses. This would have the effect of reducing the amount of over-payment accordingly.

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It is our opinion that, although there is no documentation other than oral testimony to confirm that it was GOC's intention from the start to "bankroll" LOCC (as opposed to some after-the-fact rationale for reducing the net overpayment), we cannot disprove it either. Accordingly, we feel that GOA/GOC's latest overpayment balance as of 12/31/76 as put forth by the Committee, $29,137.20 should be accepted.

B. LAF Overpayment to GOA

In the Committee's amended schedule of August, 1977, they show a net overpayment from LAF to GOA of $15,721.40, as of 12/31/76. This compares with our figure of $17,634.38, for a difference of $1,912,98 (See Appendix II attached). This latter amount represents a figure shown by the Committee for "Amount Due Per Allocation Schedule-(LAF owes GOA)" for December of 1976. This figure is neither supported by their own accounting records nor the Audit staff's examination results. The major difference between the Audit staff's original overpayment balance (Chart II, 6/8/76 Report) of $21,940.02 and our figure above, $17,634.38, stems from $4,177.02 worth of LAF payroll taxes paid by GOA in 1976 which had the effect of reducing the over-payment balance accordingly. GOA's payment of these payroll taxes for LAF was verified by staff during the follow-up audit.

It is our recommendation that, unless we receive satisfactory documentation supporting the above unexplained increase in allocable expenses for LAF ($1,912.98), that the balance of $17,634.38 be considered by the Office of General Counsel as the net overpayment total (which consisted of apparent corporate contributions as noted in Part I B above), as of 12/31/76, from LAF to GOA.

III. Audit Staff Comments on Committee Responses to Reason-To-Believe Letters

A. MUR 413(77) Gun Owners of America

(1) On page 3, paragraph 1, response states: "Mr. Mims was told that GOC payments were never loans but, in fact, they were payments made for administrative costs pursuant to AOR 76-43."

We would disagree with the implication above in that these "payments for administrative costs" were not such, since the payments, especially from April on, bore so little relation to GOC's share of administrative costs for those periods. They became more in the nature of, in effect, advances against future expected share of administrative overhead.

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(2) On page 3, paragraphs 2, 3 and 4 give the impression that it was basically GOA/GOC's idea to have GOC register and file reports in connection with the overpayment, and that the question was only how at the time of our first audit in April, 1977. It is the Audit staff's opinion that at that time the subject of GOC registering and filing was at our request, not their suggestion.

B. MUR 413(77) GOA Legislative Action Fund

(1) On page 4, paragraph 1 is a misleading reference to the Audit staff's "basically confirming" the Committee's figures for payments and allocation of expenses between GOC and GOA, and LAF and GOA. This is essentially true with respect to GOC/GOA, however, as indicated above, the payment relationship between LAF and GOA still remains in question.

(2) On page 5, paragraph 4 is an indication of the repayment by GOA to LAF on June 28, 1977, of $18,244, as well as payment on August 15, 1977, from GOA to LAF for additional dollars advanced to GOA from LAF in January of 1977 for allocated administrative expenses for that month, the amount of which is unknown to us. We are in the process of requesting from the Committees involved documentation of the above transactions.

Attachments as stated

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GUN OWNERS OF AMERICA CAMPAIGN COMMITTEE

Revised * Summary of Receipts from GOC and Allocation of Joint Administrative Expenses to GOC Based on Actual Varying Share of Contributions Received

Period		Allocatable Admin. Exp. Based on GOC's Actual Share of Total Contributions by Period	Transfers In to GOA from GOC	Net Balance Overpayment (Underpayment)	GOA Cash-On-Hand at End of Period per Records
1975					
October		$ -0-	$ 5,000.00	$ 5,000.00	
November		6,900.00	7,000.00	5,100.00	
December		3,439.73	10,339.73	12,000.00	$19,682.27
1976					
January-March 31	(35.9%)	35,193.95	38,315.19	15,121.24	32,843.76
April	(35.9%)	18,437.71	28,800.00**	25,483.53	22,049.66
May	(35.9%)	22,285.30	23,000.00**	26,198.23	33,150.72
June	(41.3%)	22,810.93	83,864.00**	87,251.30	76,887.39
July	(41.3%)	16,311.66	48,630.00**	119,569.64	36,318.31
August	(41.3%)	24,243.70	-0-	95,325.94	57,431.80
September	(41.3%)	17,139.78	(10,000.00)**	68,186.16	57,839.64
Oct.1-18	(41.3%)	11,361.33	38,000.00	94,824.83	66,808.67
Oct.19-Dec.31	(41.3%)	40,928.98	-0-	53,895.85	61,220.47
Totals		$219,053.07	$272,948.92	$53,895.85	

Less: Net Overpayment According to GOA per their Amended Schedule of 8/77	29,137.20
Difference	$24,758.65***

* Revised as a result of additional fieldwork conducted 8/1-8/12/77.

** Net of Payments of GOC Postage by GOA.

*** Represents share of administrative overhead attributable to the Law and Order Campaign Committee (LOCC) for the period June-Jan., 1976 which was payable to GOA and advanced by GOC on behalf of LOCC. GOC presently shows the advance on behalf of LOCC as a receivable from LOCC on its schedule of debts and obligations. GOC feels this can be legitimately reflected in their share of administrative overhead and, hence, reduces the overpayment balance accordingly.

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GUN OWNERS OF AMERICA CAMPAIGN COMMITTEE

*Revised Summary of Receipts from LAF, GOA Payments On Behalf Of LAF, and Allocation of Expenses to LAF Based on 5.2% Actual Share of Contributions Received

Period	Allocatable Admin. Exp. Based on 5.2%***	GOA Payment of LAF Payroll Taxes	LAF Transfers to GOA	Balance Overpayment (Underpayment)
June	$ 2,872.08			$(2,872.08)
July	2,053.77			(4,925.85)
August	3,052.48		$20,133.50	12,155.17
September	2,158.04			9,997.13
October 1-18	1,430.48		9,105.99	17,672.64
Oct.19-Dec.31	5,153.28	$4,177.02	9,292.04	17,634.38
Totals	$16,720.13	$4,177.02	$38,531.53	$ 17,634.38
Net Overpayment According to Committee's Amended Schedule of 8/77				15,721.40
		Difference		$ 1,912.98**

* Revised as a result of additional fieldwork conducted 8/1-8/12/77

** Difference represents amount of allocated expenditures due GOA which Committee listed for December 1976 per their schedule. This amount is not supported by accounting records or our examination.

*** Actual % to 2 decimal places is 5.16 which the Audit staff originally used. Committee rounded-up to nearest 10th decimal place. As difference amounts to .0004 or $128.62, Audit staff feels this is not significant and does not warrant contention.

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October 29, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 413 Team 03

Please have the attached Interim Status Report on MUR 413 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of November 2, 1977.

Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION

October 26, 1977

In the Matter of	)	
	)	
Gun Owners of America;	)	
Gun Owners of California;	)	
Legislative Action Fund;	)	MUR 413 (77)
and each and every officer of	)	
the above-named committee	)	
responsible for the keeping of	)	
records for the committees.		

EXECUTIVE SESSION
NOV 2 1977

INTERIM STATUS REPORT

On August 8, 1977, the Commission determined that there was reason to believe that Gun Owners of America (GOA), a registered political committee supporting federal candidates, had violated 2 U.S.C. §§433, 434 and 441b; that Gun Owners of California (GOC), a political committee supporting only state candidates, had violated 2 U.S.C. §§433 and 434; and that Legislative Action Fund (LAF), a lobby organization affiliated with GOA, had violated 2 U.S.C. §§433, 434, and 441b. The findings were based on a memorandum from the Audit Division which detailed a number of reporting errors by the three committees and possible contributions from LAF and GOC to GOA.

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We requested information from the committees and their responses are being analyzed. The General Counsel's Report and recommendations will be presented to the Commission in about two weeks.

28 October 1977
Date

William C. Oldaker
General Counsel

Charles N. Steele
Associate General Counsel

7804001175

Sec# 1477

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 900, 1006 FOURTH STREET
SACRAMENTO, CA 95814
TELEPHONE (916) 443-2051

RECEIVED
FEDERAL ELECTION
COMMISSION
'77 SEP 16 AM 10:17

September 13, 1977

772744

FEDERAL ELECTION COMMISSION
1325 K Street, N W
Washington, D. C. 20463

ATTN: KATHRYN KAVANAUGH

RE: MUR 413 (77)

Dear Ms. Kavanaugh:

This letter will confirm our conversation today, September 12, 1977, regarding a typographical error that was made in my letter of September 9, 1977 to your office. On page 5 of the letter, the third full paragraph, instead of reading "LAF, upon learning..." it should read "GOA, upon learning...".

Thank you for your attention to this matter.

Very sincerely,

John H. Hodgson II

JOHN H. HODGSON II
Attorney at Law

JHH:laj

cc: Vigo G. Nielsen, Jr.
Gun Owners of America
Legislative Action Fund

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SAN FRANCISCO OFFICE · SUITE 2500, THE ALCOA BLDG., ONE MARITIME PLAZA, SAN FRANCISCO, CA 94111 • (415) 362-1940

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 900, 1006 FOURTH STREET
SACRAMENTO, CA 95814

ATTN: KATHRYN KAVANAUGH

FEDERAL ELECTION COMMISSION
1325 K Street, N W
Washington, D. C. 20463

SCC #1419

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 900, 1006 FOURTH STREET
SACRAMENTO, CA 95814
TELEPHONE (916) 443-2051

RECEIVED
FEDERAL ELECTION
COMMISSION

'77 SEP 12 AM 8:44

September 9, 1977

772688

FEDERAL ELECTION COMMISSION
1325 K Street, N W
Washington, D. C. 20463

ATTN: KATHRYN KAVANAUGH

RE: GUN OWNERS OF AMERICA and
LEGISLATIVE ACTION FUND [MUR 413 (77)]

Dear Ms. Kavanaugh:

This letter is in response to your letter of August 8, 1977 regarding the Legislative Action Fund and Gun Owners of America Campaign Committee '76. A separate response has been prepared by this office regarding Gun Owners of California.

Gun Owners of America Campaign Committee '76 (hereinafter referred to as GOA) began operation in August, 1975. It was a separate committee from the original founding committee, Gun Owners of California which was formed in June of 1975. (Both committees were initially named Target '76) GOA was set up in strict compliance with the laws and regulations of the Federal Election Commission as then constituted. GOA had considerable success in raising funds from contributors.

Since its inception, GOA had received some checks which the GOA staff could not verify as being personal checks. The GOA staff who were processing the checks had been explicitly advised that no corporate checks were to be deposited. No checks that were clearly from a corporate source were ever deposited by GOA. The initial policy of GOA was to simply return those "questionable" checks to the contributors. A "questionable" check was one which could not from its face be determined to be either corporate or personal. Beginning in early 1976, pursuant to FEC regulation 103.3, these types of checks were deposited into GOA's account and remained earmarked and unspent pending identification of the donors of such funds. Letters were sent to these donors to determine if these contributions were personal contributions. Those contributions which were determined not to be personal or those contributors who did not respond received refund checks from GOA. GOA during this period wrote in excess of 300 refund checks totalling $4,112.50.

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During the next approximate month and one half (April and early May, 1976) the system changed such that GOA staff did not deposit any of the "questionable" checks. The checks were held and a "multiple choice" letter was sent to the contributor to determine if the contribution was a corporate or personal check. The problem with this system was that GOA then had checks that were 30 to 45 days old and in many cases no responses from the contributor. The system was then changed to a robo-type letter which was sent to each contributor of a "questionable" check. The check itself was attached to this letter which specifically asked the contributor questions regarding the nature of the contribution. (See attachments 1 and 2.)

It was during this time that GOA legal counsel inquired to FEC whether those funds that were not acceptable as federal campaign contributions could be transferred to a separate organization upon request of the donor without refunding the monies to the donor. It was contemplated that such funds could be used by a trade association, then in formation, that planned to lobby against gun control legislation at Congress and the state legislatures. FEC staff suggested that an advisory opinion be requested.

On May 26, 1976 an FEC advisory opinion was requested by GOA legal counsel on the legality of simultaneous fund raising for a federal political committee and for a separate organization which could legally accept corporate money, if the entire cost of the mailing was borne by the federal political committee. (See attachment 3.)

On July 29, 1976 the FEC responded in AOR 76-24 and approved such a joint fund raising effort and allowed the receipt of monies by a related organization as long as the entire cost of the mailing was paid by the federal political committee.

GOA then amended its registration to list the Gun Owners of America-Legislative Action Fund (LAF) as "an affiliated committee" ("affiliated" was later defined by FEC regulation 100.14(c) to have a different meaning). (See attachment 4.)

The staffs of GOA and LAF then created a joint fund raising solicitation letter which was then mailed to prospective contributors. During this time the executive director of GOA (Mr. Willis Laney) inquired of the FEC staff whether specific services could be purchased from GOA on an actual cost basis to simplify accounting and not require such duplicate personnel records when the same people were working on projects for GOA and for LAF. FEC staff indicated that a corporation

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was not precluded from purchasing services from a federal committee, but warned that the burden of proof would be on the political committee to prove that such payments were legitimate and not, in fact, disguised contributions by the corporation to a federal political committee. LAF decided to take a conservative approach and only reimburse GOA for costs that were without question only benefiting LAF.

Mr. Willis Laney, the executive director of GOA, had numerous phone conversations with various FEC staff representatives including a Mr. Hamm and a Mr. Vandergrift to clarify and gain approval of LAF's ability to reimburse GOA the last portion of the total cost. To further clarify what language could be used in the joint fund raising letters and to determine what administrative costs could be purchased by LAF from GOA, Mr. Laney went to Washington, D. C., and met with the FEC attorney Vandergrift and others on September 10, 1976. At this meeting Mr. Laney formally confirmed that LAF could reimburse GOA for those costs which GOA incurred associated with the GOA/LAF fund raising efforts. It was determined that the reimbursement would be done on an individual mailing basis and that the distribution of costs would be equal to the per cent of total contributions from the mailing directed to LAF. (It should be noted that AOR 76-24 appears to only require that the "entire cost" of the mailing be paid by the federal political committee.)

This above allocation formula was confirmed in a letter that Mr. Laney wrote to Mr. Vandergrift on December 3, 1976. (See attachment 5.) Mr. Vandergrift confirms this meeting and the elements of Mr. Laney's letter in his letter back to Mr. Laney of December 30, 1976. (See attachment 6.)

The actual amount which was advanced from LAF to GOA during 1976 was $38,531.53. When Mr. Conley MacDonald of Rossmann and Company (CPA firm) was retained by GOA, GOC and LAF in March, 1977, he was given the specific project of coming up with the actual allocation schedule of which committees owed how much to GOA for their portion of the indirect administrative expenses. Up to that time (March, 1977) there had been no final accounting data available to make an exact allocation possible. Both the executive director (Mr. Willis Laney) and the accountant had left GOA in late 1976 or early 1977. Mr. MacDonald was advised by the new resident (Sacramento) GOA counsel (Mr. Hodgson) at that time that the allocation should be made on the indirect administrative expenses spread over the entire year (1976) for the three separate committees, GOA, GOC and LAF based on the income received by those committees. With those instructions, and after considerable time bringing

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the accounting records up-to-date, Mr. MacDonald came up with the figures which we are presently using. These figures have been basically confirmed by the FEC auditors which came to Sacramento in mid-April, 1977 and again in early August, 1977. (See attachments 7 and 8.)

As these schedules indicate, for the period January through May, 1976, GOA should have been allocated 64.1% and GOC should have been allocated 35.9% of the total indirect administrative overhead. For the period June through December, 1976, GOA should have incurred 45.8%, GOC should have incurred 49% and LAF should have incurred 5.2% of the indirect administrative overhead. It is these figures which give us the approximate $16,000 to $20,000 "overpayment". (It should be noted that the most recently amended GOA/LAF allocation schedule shows a "overpayment" of $15,721.40. This figure was arrived at the conclusion of the second FEC audit visit in August, 1977.)

In discussing this matter with Mr. Willis Laney, the executive director of GOA from its inception in August, 1975 through late 1976, he indicates that the method in which he came up with the payments from LAF to GOA totalling $38,531.53 for the period June through December, 1976 differs somewhat from the manner in which Mr. MacDonald developed his figures. Mr. Laney indicates that the understanding that he had with the FEC based on numerous phone calls during the periods in question and his meeting in September, 1976 with FEC representatives, was that LAF could reimburse GOA for those administrative costs which GOA incurred associated with the LAF fund raising efforts. Mr. Laney indicates that the reimbursement was to be done on and individual mailing basis and that the distribution of costs was to be equal to the per cent of total contributions from the mailing directed to LAF. The costs which were to be distributed included not only the indirect administrative expenses but also those costs of the mailing which GOA had originally paid for.

After doing some statistical work, Mr. Laney and the GOA staff projected that based on contribution receipts of initial mailings, a reasonable percentage of distribution of indirect administrative costs would be 15% per month. Mr. Laney indicates that the three payments made in August, October and November of 1976 from LAF to GOA reflected not only LAF's portion of the indirect administrative expenses (15%) but also LAF's portion of GOA's direct mailing costs during those periods calculated by mail code.

If one looks at the GOA reports (FEC form 3) for the months of June, July and August of 1976, it can be noted that on the schedule C forms, line 25, that in each month a projected 15% was allocated to LAF for its administrative services for the months of June, July and August, 1976. Furthermore,

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the remaining reports for 1976 also show the amount due to GOA from LAF to be based on a 15% projected figure. This 15% figure was used consistently through the 1976 reporting period based on the initial statistical information that the GOA staff had available.

It was clearly never the intent of the Legislative Action fund to make any "overpayments" to GOA. GOA staff, particularly through the efforts of the executive director, Mr. Willis Laney, made very sincere attempts to make the FEC aware of the particular facts as they existed. This was evidenced by the several phone calls and meetings that Mr. Laney had with the FEC officials.

It should also be noted that the Legislative Action Fund did register as a federal lobbyist employer and has filed regular federal lobbying reports with the Secretary of Senate and the House of Representatives. Those reports have been done on a regular basis and are part of the public record.

LAF, upon learning of the final calculations that Mr. MacDonald came up with regarding the allocation schedule, paid back the full amount owed for 1976 of $18,244.00 on June 28, 1977. It was further pointed out that LAF also made a payment for projected indirect administrative services in January, 1977. This amount was repaid on August 15, 1977 after final calculations of the accounting were made.

The confusion arising from the GOA/LAF/GOC relationship and the amounts which should have been allocated for administrative services between committees have been eliminated since the formation of the Computer Caging Company, Inc. (hereinafter referred to as CCC). As explained in the Gun Owners of California letter of September 6, 1977 to your office, CCC has taken over the entire operation of providing all administrative services to the various committees. GOA is no longer the employer of all of the employees providing caging, computer, accounting and other administrative services; instead, CCC provides these services. CCC contracts individually with each of the committees on a per letter basis for the various services which the individual committees require. (See attachment 9.)

I hope that this letter is of value in your deliberations of this matter. Should you require additional material or clarification please do not hesitate to call this office. This office and the staff at the various committees represented by this office have appreciated the courtesies and cooperation

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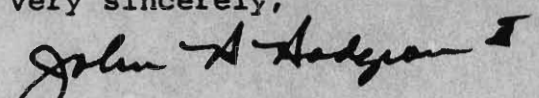
extended by your agency representatives in the past and look forward to your continued cooperation.

Very sincerely,



JOHN H. HODGSON II
Attorney at Law

JHH:laj

Attachments (9)

cc: Vigo G. Nielsen, Jr.
Gun Owners of America
Legislative Action Fund

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ATTACHMENTS 1 & 2

Dear Sponsor:

Thank you for your generous contribution to GUN OWNERS OF AMERICA. Your support and contribution is the kind of positive action we need to help us win at the polls.

In the processing of your contribution, we observed that your check requires additional information for us to comply with the Federal Law. If your check is personal, even though it was made on a business, partnership or other type account, no further action is required.

<u>However,</u> if your contribution was not personal, we can meet the law by taking one of the four options below. Please check:

- ☐ I want my partnership or intermediary contribution to be used for pro-gun candidates and will provide the required information applicable to my contribution as outlined on the back of this letter, or
- ☐ I would rather not provide the above information and have my contribution put to work supporting the G.O.A. Legislative Action Fund, a separate, non-profit association established to lobby Congress on legislation to control crime and not guns!
- ☐ Put my contribution in the GOA Legislative Action Fund.
- ☐ Please return my contribution. I will forward my personal check or money order.

Thank you for your assistance.

Sincerely,

Willis E. Laney, Jr.
Executive Director

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RGENT REPLY REQUESTED!!!

I'm aware of our need to defeat anti-gun candidates to the Federal and State Legislatures and to save our right to own and use firearms.

I'm helping right now:

☐ YES! Enclosed is my political contribution of $_____ to pay for television, radio and newspaper ads, billboards, phone and other campaign expenses.

I am enclosing: ☐ Check ☐ Cash

☐ YES! I have completed my 1976 ELECTION PREFERENCE BALLOT and am rushing my opinions to you for statewide tabulation.

Make all checks payable to: GUN OWNERS OF AMERICA

NOTE: If you are a business or other organization that is forbidden by federal regulations from contributing to campaign committees, you can still support the goals of GOA by making your check out to GOA Legislative Action Fund. This special fund is the gun owner's year-round voice in Washington D.C., used solely and expressly for influencing and promoting pro-gun legislation.

☐ YES! Enclosed is my contribution of $_____ for influencing State and Federal Legislation.

I am enclosing: ☐ Check ☐ Cash

Make all checks (including corporate checks) payable to: GOA LEGISLATIVE ACTION FUND

NAME _____ OCCUPATION _____

ADDRESS _____ PLACE OF BUSINESS _____

CITY STATE ZIP _____ ADDRESS (IF SELF-EMPLOYED) _____

X _____

SIGNATURE: THIS CHECK IS A PERSONAL CONTRIBUTION EVEN THOUGH IT MAY BE MADE ON A BUSINESS, PARTNERSHIP OR OTHER TYPE OF ACCOUNT.

A copy of our report is filed with and is available for purchase from the Federal Election Commission, Washington, D.C.

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If you have answered any checked questions [illegible] additional information regarding the question as outlined below.

YES TO QUESTION 1

In response to your "yes" answer to Question No. 1, regarding your business being a partnership: due to technicalities in the Federal Election Campaign laws when contributions are received from and for partnerships, we must know the percentage of the contribution attributable to each partner and have each partner's full name, address, occupation, and place of business. (If providing this information is a problem, please consider making contributions as individuals - we must have all your help!)

Amt.	%	Name	Occupation
		Address	Place of Business
Amt.	%	Name	Occupation
		Address	Place of Business
Amt.	%	Name	Occupation
		Address	Place of Business

YES TO QUESTION 2

In response to your "yes" answer regarding the contribution being on behalf of another party: All contributions made by a person either directly or indirectly on behalf of another person are considered an intermediary or conduit and must be treated as a contribution from such person to the committee. Therefore, we must have with your contribution on behalf of that person(s) his full name, address, occupation and place of business.

YES TO QUESTIONS 3,4,5, or 6

Your "yes" response to question(s) (3), (4), (5), or (6) regarding incorporated businesses, corporations, labor organizations, financial institutions and Federal Government Contractors, is important. Federal law prohibits Gun Owners of America from accepting your check as a contribution for use in electing pro-gun candidates. I know you want to help us and remain an active sponsor. You can still support the goals of GOA by directing your forbidden campaign contribution to GOA's Legislative Action Fund. This special fund is the Gun Owners of America's year-round voice in Washington, used solely and expressly for influencing legislation to control crime, not guns! Please check the box on Page 1 of this letter indicating your preference.

2. Any other individual?

3. A business recorded within any state as a corporation, or as being incorporated? ☐

4. An organization affiliated in any way with an organized labor union? ☐

5. An organization considered a financial institution: i.e., bank - credit union - savings and loans, etc.? ☐

6. A business or organization that is in anyway a Federal Government contractor? ☐

If you have answered any checked questions "yes", please provide the additional information regarding the question as outlined below.

YES TO QUESTION 1

In response to your "yes" answer to Question No. 1, regarding your business being a partnership: due to technicalities in the Federal Election Campaign laws when contributions are received from and for partnerships, we must know the percentage of the contribution attributable to each partner and have each partner's full name, address, occupation, and place of business. (If providing this information is a problem, please consider making contributions as individuals - we must have all your help!)

Amt.	%	Name	Occupation
		Address	Place of Business
Amt.	%	Name	Occupation
		Address	Place of Business
Amt.	%	Name	Occupation
		Address	Place of Business

YES TO QUESTION 2

In response to your "yes" answer regarding the contribution being on behalf of another party: All contributions made by a person either directly or indirectly on behalf of another person are considered an intermediary or conduit and must be treated as a contribution from such person to the committee. Therefore, we must have with your contribution on behalf of that person(s) his full name, address, occupation and place of business.

YES TO QUESTIONS 3,4,5, or 6

Your "yes" response to question(s) (3), (4), (5), or (6) regarding incorporated businesses, corporations, labor organizations, financial institutions and Federal Government Contractors, is important. Federal law prohibits Gun Owners of America from accepting your check as a contribution for use in electing pro-gun candidates. I know you want to join us and remain an active sponsor. You can still support the goals of GOA by directing your forbidden campaign contribution to GOA's Legislative Action Fund. This special fund is the Gun Owners of America's year-round voice in Washington, used solely and expressly for influencing [illegible] to control crime, not guns! Please check the box on Page [illegible]

ATTACHMENT 3

DOBBS, DOYLE & NIELSEN
Attorneys and Counselors at Law
SUITE 2500, THE ALCOA BUILDING
ONE MARITIME PLAZA
SAN FRANCISCO, CA 94111
TELEPHONE (415) 362-1940

May 26, 1976

Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463
ATTN: Advisory Opinion Request Section

Re: Raising Money for Campaigns and Lobbying in Same Solicitation

Gentlemen:

Gun Owners of America is a political committee registered with your Commission to support federal office candidates. It has complied with all filing requirements and has refused any contributions from anonymous sources over $10, or contributions from labor unions, corporations, or federal government contractors.

The present solicitation letter indicates to the donor the Campaign purpose of the funds solicited and complies with 2 USC 435. The solicitation letter also discusses federal gun control legislation and some of the mailings request the recipient to send an enclosed postcard in support or opposition to certain proposed legislation before the Congress. Because of this activity, the funds collected and spent are also being disclosed under the Federal Lobbying Registration Act of 1946.

Gun Owners of America plans to now establish a separate segregated fund to be named Gun Owners of America--Special Legislative Action Fund. Moneys expended from such a fund would be used only for legislative activities and not for the solicitation or handling of any checks relating to political contributions.

Gun Owners of America wishes to revise its solicitation letter to indicate that contributions prohibited as political contributions will be accepted by the Special Legislative Action Fund and used solely for legislative activity. The reply card will allow for this alternative to those not wishing or capable of making a contribution to the political committee.

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Your opinion is requested on whether such solicitation for funds to this Special Legislative Action Fund can be part of a letter and mailing that also seeks political contributions, as long as the entire cost is born by the political committee, and therefore does not use any prohibited funds.

Very truly yours,

Vigo G. Nielsen, Jr.

VGN:km
cc: Gun Owners of America

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FEC Form 1
January 1976
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Statement of Organization For a Political Committee

Supporting any candidate(s) for federal office and anticipating contributions or expenditures in excess of $1,000 in any calendar year in support of such candidate(s).

ATTACHMENT 4

7-1 thru 7-31-76.

Note: *Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.*

1(a) Name of Committee (in full)	2 Identification Number
Gun Owners of America Campaign Committee '76	C00030999
(b) Address (number and street) 951 Arden Way	3 Date of registration (month, day, year)
(c) City, State and ZIP code Sacramento, Calif 95815	4 Is this an amended statement ☒ Yes ☐ No If "Yes" fill in only those lines on which there has been a chan

5 Check one:

☐ (a) This committee has been designated as the principal campaign committee for _____ (Name of Candidate)

a candidate for _____ (Federal office sought) in the _____ (General, Primary, Runoff, etc.) Election(s)

to be held in the State of _____ (State in which election is held) on _____ (Date(s))

(The Principal Campaign Committee will forward to the Commission a copy of the Statement of Organization for each committee required to file with it).

☐ (b) This committee is supporting only one candidate, and is authorized by _____ (Name of Candidate)

to receive contributions and make expenditures with respect to the _____ (General, Primary, Runoff, etc.) Election(s)

held on _____ (Date(s)), and will file all reports and statements with the candidate's principal campaign

committee, _____ (Full name of principal campaign committee)

(Attach a copy of Candidate's written authorization.) (FEC Form 2a)

☐ (c) This committee supports only one candidate _____ (Name of Candidate) but is not an authorized committee.

☒ (d) This committee is a multicandidate committee.

☐ (e) This committee is a _____ (National, state, county, city) committee of the _____ (Democratic, Republican, etc.) Party.

6 Name of affiliated or connected organization	Mailing address and ZIP code	Relationship
Gun Owners of America Legislative Fund (A separate, segregated legislative action fund for lobbying activities only, unrelated to Gun Owners of America federal account, except that solicitations are made simultaneous with political solicitations for Gun Owners of America, pursuant to AOR 1976-24.)	951 Arden Way Sacramento, Calif 95815	

Submit additional information on separate continuation sheets appropriately labeled and attached to this Statement of Organization. Indicate in the appropriate section above when information is continued on separate page(s).

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FEC Form 1
January 1976
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Statement of Organization For a Committee

(Page 2)

Name of Committee
Gun Owners of America Campaign Committee '76

7 Area, Scope and Jurisdiction of Committee:

(a) Will this committee operate in more than one State? ☐ Yes ☐ No
(b) Will it operate on a statewide basis in one State? ☐ Yes ☐ No
(c) Will it primarily support candidates seeking State or local office? ☐ Yes ☐ No

8 (a) List by name, address, office sought, and party affiliation, any candidate for Federal office that this committee is supporting:

Full name(s) of candidate(s)	Mailing address and ZIP code	Office sought	Party
Sessue I. Hayakawa	22 Battery St. #404 San Francisco,CA94111	U.S. Senate California	Republican
Louis Brutacoa	599 S.Barranca #483 Covina, CA. 91723	35th C.D. California	Republican
Mickey Edwards	4021 N. Portland Oklahoma City,OK 73112	5th C.D. Oklahoma	Republican
Robert K. Dornan	P.O. Box 2022 Sta. Monica, CA 90406	27th C.D. California	Republican
Morgan Maxfield	2918 Commerce Tower 911 Main St. Kansas City, MO 64105	6th C.D. Missouri	Democrat
Chuck Wiersma	4141 Walnut Hills Grand Rapids, Mich49508	5th C.D. Michigan	Republican
See Attachment			

(b) List by name, address, office sought, and party affiliation, any candidate(s) for any other public office(s) that this committee is supporting (unless the committee is supporting the entire ticket of a party as indicated in line 9)

Full name(s) of candidate(s)	Mailing address and ZIP code	Office sought	Party

9 If this committee is supporting the entire ticket of a party, give name of party ▶

10 Identify by name, address and position, the person in possession of committee books and records.

Full name	Mailing address and ZIP code	Title or position

Submit additional information on separate continuation sheets appropriately labeled and attached to this Statement of Organization. Indicate in the appropriate section above when information is continued on separate page(s).

7804 4 1 1 8 0

Gun Owners of Ame[illegible]ca Campaign Committee '76 [illegible] C00030999

8 (a) candidates for Federal office that this committee is supporting:

Full name(s) of candidate	Address	Office	Party
David Crane	National Bank of Greenwood Building Suite 410 Greenwood, IND46142	6th C.D. Indiana	Republican
Grant Carner	3003 Central Ave/ Riverside, CA 92506	36th C.D. California	Republican
Ron Trowbridge	3201 Washtenaw Ann Arbor, Mich 48104	2nd C.D. Michigan	Republican

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FEC Form 1
January 1976
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Statement of Organization For a Committee

(Page 3)

Name of Committee

Gun Owners of America Campaign Committee '76

11 List by name, address and position, other principal officers of the committee:

Full name	Mailing address and ZIP code	Title or position

12 Does this committee plan to stay in existence beyond the current calendar year? ☐ Yes ☐ No
If "Yes" for how long? ▶

13 In the event of dissolution, what disposition will be made of residual funds?

14 List all banks or other repositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds:

Name of bank, repository, etc.	Mailing address and ZIP code
Legislative Action Fund Account Wells Fargo Bank	1011 - 10th Street Sacramento, Calif 95807

15 List all election reports required to be filed by this committee with States and local jurisdictions, together with the names, addresses, and positions of the recipients of the reports (other than reports filed with Secretaries of State pursuant to USC 439(a)):

Report title	Dates required	Name and position of recipient	Mailing address and ZIP code

Submit additional information on separate continuation sheets appropriately labeled and attached to this Statement of Organization. Indicate in the appropriate section above when information is continued on separate page(s).

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

Willis E. Gray Jr. — (Signature of Treasurer)

10 Aug 1976 — (Date)

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §441 (text on reverse side of form).

For further information contact: ▶ Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

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ATTACHMENT 5

8

OFFICERS
SENATOR H. L. RICHARDSON
Founder and Chairman
JOHN E. BIANCHI
Committee Treasurer
W. E. LANEY, JR.
Executive Director and
Campaign Treasurer
TIM MACY
Field Representative

CONGRESSIONAL ADVISORY BOARD
United States Senate
JESSE A. HELMS
North Carolina

United States Congress
LAWRENCE P. McDONALD
Georgia
MANUEL LUJAN, JR.
New Mexico
JOHN B. CONLAN
Arizona
JAMES M. COLLINS
Texas
JOHN H. ROUSSELOT
California
STEVEN D. SYMMS
Idaho
TRENT LOTT
Mississippi
PHILIP M. CRANE
Illinois
GEORGE V. HANSEN
Idaho

NATIONAL ADVISORY BOARD
JOHN T. AMBER
Editor in Chief, Gun Digest
COL. CHARLES ASKINS
Guns Editor, True Magazine
ARLEN E. CHANEY
Marketing Manager
Omark Industries
COL. EDWARD B. "JIM" CROSSMAN
Member, Shooting Committee
U.S. Olympic Team
LT. COL. LEVIAN P. DAVISON
Director of Research and Testing
American Federation of Police
DAVID A. EDKER
Charter Arms Co.
ELGIN T. GATES
DEAN A. GRENAFEL
Managing Editor, Gun World Magazine
ROBERT L. GUSTAFSON
Vice-President, Thompson Center Arms
BOB HAGEL
Hunting Editor, Rifle Magazine
FRED T. HUNTINGTON
President, RCBS Inc.
ROBERT HUTTON
RICK JAMISON
Assistant Editor
Handloader, Rifle Magazine
J. D. JONES
ELMER M. KEITH
Executive Editor, Guns & Ammo Magazine
TURNER KIRKLAND
President, Dixie Gun Works, Inc.
NEAL KNOX
Editor and Publisher
Handloader, Rifle Magazine
GORDON T. LESLIE
Past President, Mach Sixty Club
DR. LOREN E. LUTZ
C. J. McELROY
Founder, Safari Club International
MAJOR GEORGE C. NONTE, JR.
JACK O'CONNOR
Executive Editor, Hunting Magazine
ANDY DEGREGO
JAMES R. [illegible]
Secretary-Treasurer, P.S.O.R.C.
FRANK A. PACHMAYR
President, Pachmayr Gun Works
NEALE A. PERKINS
President, Safariland
WILLIAM R. RUGER
President, Sturm, Ruger & Co., Inc.
HARRY W. SANFORD
TDE Corporation
THOMAS J. SIMONS
Petersen Publishing Co.
SKEETER SKELTON
RAYMOND G. SPEER
Speer Incorporated
R. A. STEINDLER
DR. JOE SWEET, D.D.S.
HAL SWIGGETT
CHARLES E. WARREN
President, Parkness Warren, Inc.
ROY E. WEATHERBY
President, Weatherby Firearms
DANIEL B. WESSON
Dan Wesson Arms, Inc.
MASON WILLIAMS

951 ARDEN WAY • SACRAMENTO, CALIFORNIA 95815

Gun Owners of America
CAMPAIGN COMMITTEE
'76

December 3, 1976

Mr. Ben Van Degrift
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: Gun Owners of America, # C00030999

Dear Mr. Van Degrift:

The purpose of this letter is to confirm the agreement we reached on 10 September, 1976, regarding plans for distribution of costs associated with Gun Owners of America Legislative Action Fund. The meeting you and I had with Mr. Al Kema and Bruce Forister was most beneficial in the subsequent development and implimentation of the program outlined below.

1. As you recommended all fund-raising letters mailed by Gun Owners of America include specific information and instructions applicable to solicitations and contributions to the Legislative Action Fund. The required data appears in the letter and contributor form, Ref. Enclosure 1 & 2.

2. To help solve problems in identifying personal money contributions drawn from "Special" checking accounts, "Funds" and other type accounts that could be on businesses or associations, a signature line, indicating that the contribution is purely personal has been placed on the contribution form, Ref. Enclosure 2. As we agreed, if the contributor does not sign the form and a question exists, action will be initiated to: (a) establish acceptability as a contribution to the Campaign Committee; (b) direct the contribution to the Legislative Action Fund; or (c) return the contribution to the sender. Pending resolution of the inquiry the contribution will be deposited in a special segregated, holding account. Upon varification of acceptability the money will be transferred to the Campaign Committee account or the Legislative Action Fund account as appropriate.

A Political Committee dedicated to crime control not gun control—and organized to defeat anti-gun politicians.

Printed by SIERRA COPY · 2031 J Street · Sacramento, CA

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Contributions not acceptable by the Campaign Committee will be transferred from the Holding account to the Legislative Action Fund or returned to the contributor as directed.

3. Costs incurred by the Campaign Committee associated with fund-raising for the Legislative Action Fund will be reimbursed after final accounting of each mailing (a period not more than 90 days after mailing or a point where daily returns have substantially stopped). Distribution of costs will be equal to the percent of total contributions from the mailing directed to the Legislative Action Fund.

Should there be additional information desired regarding this program please advise.

I wish to express my sincere appreciation for the absolutely outstanding cooperation and assistance that you and the other employees in all Departments of the Federal Election Commission have extended to me this last year.

Yours truly,

WILLIS E. LANEY, JR.

WELjr:pal
cc; Chip Neilson

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951 ARDEN WAY • SACRAMENTO, CALIFORNIA 95815

Gun Owners of America
CAMPAIGN COMMITTEE
'76

September 27, 1976
R001-498

J. Dufort
Member 00584599
Box 612
Valleyview, AB 02020

Dear Friend:

THE ELECTIONS ARE ONLY 40 DAYS AWAY.

IT'S NOW OR NEVER...THE VERY SURVIVAL OF OUR RIGHT TO KEEP AND BEAR ARMS IS AT STAKE.

PROUDLY DISPLAY THE "GET OUT THE GUN VOTE" DECAL I'VE ENCLOSED TO SPREAD OUR MESSAGE.

I know that it seems like you have received a lot of mail from me lately--but, believe me, I would not be writing this letter unless I felt that the situation is critical, and the future of your right to own firearms depends upon what you and I do about it in the next 40 days.

We simply must win the Congressional races this fall—if we don't—the day will surely come when our firearms and ammunition could be confiscated and never returned.

The vital investment you have made in YOUR Gun Owners of America Campaign Committee '76 (GOA) has paid for the kind of organization needed to win elections. Our trained staff has been working day and night advising candidates, analyzing polls and setting up precinct organization.

And just as importantly, dedicated men have sacrificed their jobs and family life to become candidates and run for office to help save our guns.

But...unless we finish the job and provide every pro-gun candidate with the money to buy last minute TV and radio time and newspaper advertising to get the pro-gun message to the voters...everything you and I have worked so hard for will be lost.

Here's where we stand right now:

1. As of September 22, 1976, GOA has contributed over

A Political Committee dedicated to crime control not gun control—and organized to defeat anti-gun politicians.

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D. C.

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$100,000 to 21 pro-gun candidates.

2. 19 Congressional Candidates and 2 U.S. Senate Candidates already have received substantial GOA contributions.

3. 21 Candidates who are committed to vote against gun Legislation have been helped.

In addition to these candidates, we have received over 100 more requests for funds from campaign chairmen of pro-gun candidates. These 100 requests total over $500,000.

Quite frankly, these requests come at a time when the anti-gun forces are flexing their muscles as never before.

Anti-gun groups like the NATIONAL GUN CONTROL CENTER and the NATIONAL COALITION TO BAN HANDGUNS are spending literally hundreds of thousands of dollars to bring about the confiscation of our guns.

And I can tell you that right now the anti-gun leaders in Washington like Ted Kennedy, Birch Bayh, John Conyers and Peter Rodino are working to engineer the passage of new federal gun laws that will eventually leave every law-abiding citizen helpless to criminal attack.

My friend, the situation in Congress is so tense...that we can't afford to simply "hold our own" in these elections.

We must elect every pro-gun candidate! As little as 10 or 11 new votes in Congress could mean the difference between success or disaster.

I don't mean to sound like an alarmist, but each day I get worried that some legislator in Washington will vote our guns away.

Even though we have sent checks to pro-gun candidates totalling more than $100,000 I'm sure you realize that we need to do more.

We have been successful in the primaries. We've already proven we can beat the gun control advocates. In 24 out of 37 races we've been involved in we have won election victories.

And we will win in the elections on November 2nd as long as we keep our important work funded!

So I don't know how else to phrase it other than to ask if you could possibly send another check to help elect candidates who will vote

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against useless and senseless gun laws.

You sent $10.00 previously. I'd like for you to consider a gift of $10.00 or $20.00.

I feel I can ask that because in my opinion the very survival of our right to keep and bear arms is at stake.

Over the years as a State Senator I have seen too many good candidates fall to defeat because they didn't have the funds to get their message across to the voters...you and I can't let this happen again.

I know GOA can help pro-gun candidates win close elections. I'm convinced you and I can elect the kind of leadership that will take the offensive and tell the anti-gun leaders in Congress that we want NO MORE GUN LAWS.

Together you and I can stop the day of a "gun confiscation" Congress next January if you will help me again.

On behalf of 21 pro-gun candidates, please, please send me your most generous contribution to prevent the day when someone in Washington would vote to take away your gun.

I hope you will send the committee a check for $10.00 or $20.00. If not, certainly another check for $10.00.

Remember, proudly display the "Get Out The Gun Vote" decal I've enclosed. It will identify you as a GOA member who has done more than his share to fight gun confiscation.

I await your decision. Please don't lay my letter aside. If at all possible, I'd like to hear from you within the next day or so.

Sincerely yours,

H. L. Richardson

Senator H. L. "Bill" Richardson

P.S. I have mailed you under separate cover your copy of the GOA Congressional Voting Index showing how your Congressman voted on key legislation. I urge you to use your Index for more than just information...make it part of a victory for your rights by actively supporting the pro-gun candidates.

P.P.S. If you are a business or other organization that is forbidden by federal regulations from contributing to campaign committees, you can still support the goals of GOA by making your check out to GOA Legislative Action Fund. This special fund is the gun owner's year-round voice in Washington, used solely and expressly for influencing legislation to control crime, not guns.

7804004196

URGENT REPLY REQUESTED

ENCLOSURE 2

To: Gun Owners of America Campaign Committee '76
P.O. Box 130027
Sacramento, California 95813

80R R001-498

J DUPORT
MEMBER 00584599
BX 612
VALLEYVIEW AB 02020

X _____
SIGNATURE THIS CHECK IS A PERSONAL CONTRIBUTION EVEN THOUGH IT MAY BE MADE ON A BUSINESS, PARTNERSHIP OR OTHER TYPE OF ACCOUNT

Dear Senator Richardson:

____ YES! I am rushing my urgent contribution of $_____ to pay for last minute TV and radio time, billboards, newspaper advertising and telephone campaigning needed to elect pro-gun candidates.

____ YES! I proudly accept my "Get Out The Gun Vote" decal.

Important Federal Election Commission Information On Reverse side.

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D. C.

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BACK SIDE OF FORM

NOTE: If you are a business or other organization that is forbidden by federal regulations from contributing to campaign committees, you can still support the goals of GOA by making your check out to GOA Legislative Action Fund. This special fund is the gun owner's year-round voice in Washington, D.C., used solely and expressly for influencing and promoting pro-gun legislation.

☐ YES! Enclosed is my contribution of $ _____ for influencing State and Federal Legislation.

I am enclosing: ☐ Check ☐ Cash

Make all checks (including corporate checks) payable to:
GOA LEGISLATIVE ACTION FUND

ATTACHMENT 6

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

December 30, 1976

Willis E. Laney, Jr.
Gun Owners of America
951 Arden Way
Sacremento, California

Dear Mr. Laney:

This is in response to your letter to me dated December 3, 1976. Both [illegible]l Keema and I have reviewed your proposals and find them to be in compliance with the reporting provisions of the Federal Electi[illegible]n Campaign Act of 1971, as amended.

We do, however, suggest one addition. Your contributor reply form should include a space and instructions for disclosing "occupation and pr[illegible]nci[illegible]l place of business." Such an addition would fa[illegible]ili[illegible]ate your reporting under the Act. It is not, of [illegible]urs[illegible], a requirement imposed by statute.

Thank you for your coopera[illegible]on i[illegible] this ma[illegible]ter.

Sincerely yo[illegible]

[illegible]

[illegible]mi[illegible] M. [illegible]
[illegible]al Couns[illegible]

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AMENDED 8/77

ATTACHMENT 7

GUN OWNERS OF AMERICA (GOA)
RELATIONSHIP TO
LEGISLATIVE ACTION FUND (LAF)

	ACTUAL PAYMENTS BY LAF TO GOA		GOA PD OR ASSUMED LAF PAYROLL TAXES	AMT DUE PER ALLOCATION SCH (LAF OWES GOA)	DUE TO LAF
1976					
June				2,872.08	(2,872.08)
July				2,053.77	(4,925.85)
August	20,133.50	(8/12/76)		3,052.48	12,155.17
September				2,158.04	9,997.13
October 1-18	9,105.99	(10/12/76)		1,430.48	17,672.64
October 18-31			1,980.92		15,691.72
November	9,292.04	(11/1/76)		5,153.28	19,830.48
December			2,196.10	1,912.98	15,721.40
	38,531.53		4,177.02	18,633.11	
TOTAL	38,531.53		22,810.13		15,721.40

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AMENDED (8/77)

ATTACHMENT 8

GUN OWNERS OF AMERICA (G.O.A.)
RELATIONSHIP TO
GUN OWNERS OF CALIFORNIA (G.O.C.)
1975-1976

	G.O.C. ACTUAL PAYMENTS OR ADVANCES TO G.O.A.	AMOUNT DUE PER ALLOCATION SCH. (G.O.C. OWES G.O.A.)	BALANCE
1975			
OCTOBER	5,000.00		5,000.00
NOVEMBER	7,000.00	6,900.00	5,100.00
DECEMBER	10,339.73	3,439.73	12,000.00
1976			
JANUARY - MARCH	38,315.19	35,193.95	15,121.24
APRIL	28,800.00	18,437.71	25,483.53
MAY	23,000.00	22,285.30	26,198.23
JUNE	83,[illegible]64.00	27,063.82	82,998.41
JULY	48,630.00	19,352.82	112,275.5[illegible]
AUGUST		28,763.71	83,511.88
SEPTEMBER	(10,000.00)	20,335.33	53,176.55
OCTOBER 1-18	38,000.00	13,479.54	77,697.01
OCTOBER 19 to DECEMBER 31		48,559.81	29,137.20

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ATTACHMENT 9

AGREEMENT

THIS AGREEMENT made and entered into this ____ day of _____, 1977 by and between COMPUTER CAGING CORPORATION, a corporation organized and existing under the laws of the State of California and having its principal place of business at 2248 Erickson Street, Sacramento, California 95815 (hereinafter referred to as CCC) and _____, an organization existing under the laws of the State of _____ and having its principal place of business at _____ _____ (hereinafter referred to as _____).

WITNESSETH THAT:

SECTION 1. _____ hereby retains CCC as its consultant and assistant in processing direct mail returns.

SECTION 2. Specifically, CCC agrees to provide the following services for _____, including:

1) CAGING - Picking up the mail at Sacramento Post Office 95813, sorting mail, counting, opening and depositing all contributions in local bank in designated account.

2) STATISTICS - Providing pertinent analytical data of all mailing results from mail received.

3) DATA ENTRY - Entering and balancing described data to computer files.

4) MICRO/LIBRARIES - Original contributor documents each microfilmed and categorized for auditing.

5) ACCOUNTING - Provides all accounting, bookkeeping, deposit records and bill-paying functions for fund raising accounts.

6) POLITICAL REPORTING - Provides all contributor data in the required report format for the Federal Election Commission or the Fair Political Practices Commission.

7) DATA PROCESSING - Includes maintenance of all contributor and non-contributor files on computer with one file up-date per month.

SECTION 3. CCC shall receive $00.55 for each contributor envelope received and processed and $00.38 for each non-contributor envelope received and processed by CCC. CCC may raise or lower the current price for mail processing because of changes in production costs. CCC will report in writing to _____ any change in mail processing cost 30 days before such change takes place.

SECTION 4. Either party may cancel this Agreement by written notice at any time.

SECTION 5. _____ shall pay an additional, mutually agreed upon fee for any services that _____ asks for that are not provided for in the current Agreement. Such services may include, but are not limited to, special graphic art work, public relations (news release preparation, etc.), special computer work, consultation, etc.

SECTION 6. Monthly checks shall be written to CCC for all agreed upon services.

SECTION 7. The current price schedule became effective May 2, 1977. Prices prior to May 2, 1977 were as follows:

Contributor		Non-Contributor	
2/1/77 - 3/7/77	$1.25	2/1/77 - 3/17/77	$ .65
3/8/77 - 5/1/77	.77	3/18/77 - 5/1/77	.45
5/2/77 - Present	.55	5/2/77 - Present	.38

WHEREFORE, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and date first above written.

ATTEST: COMPUTER CAGING CORPORATION

_____ BY: _____

ATTEST:

_____ BY: _____

7804

SACRAMENTO, CA 958

SACRAMENTO, CA PM SEP 9 1977 958

SACRAMENTO, CA PM SEP 9 1977

DOBBS, DOYLE & NIELSEN

Attorneys and Counselors at Law

SUITE 900, 1006 FOURTH STREET

SACRAMENTO, CA. 95814

TELEPHONE (916) 443-2051

FEDERAL ELECTION COMMISSION
1325 K Street, N W
Washington, D. C. 20463

ATTN: KATHRYN KAVANAUGH

FIRST CLASS

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 900, 1006 FOURTH STREET
SACRAMENTO, CA 95814
TELEPHONE (916) 443-2051

MCC# 141b
RECEIVED
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September 6, 1977

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FEDERAL ELECTION COMMISSION
1325 K Street, N W
Washington, D. C. 20463

Attn: Kathryn Kavanaugh

MAILED WITH CERTIFICATE OF MAILING

Re: MUR 413 (77)
Gun Owners of California

Dear Ms. Kavanaugh:

This letter will address the matters discussed in your letter of August 8, 1977 regarding the Gun Owners of California. The question which your letter raises is whether Gun Owners of California (hereinafter referred to as "GOC") has qualified as a political committee supporting candidates for federal office because of the $48,704.98 in "excess payments" to Gun Owners of America (hereinafter referred to as "GOA").

GOC would become a "political committee" if $1,000 or more of the excess funds are contributions as defined by FEC regulation 100.4. To be a contribution, either the donor must intend it to be such or it must be an extension of credit beyond a reasonable business or trade practice.

GOA was founded in August of 1975. GOC was founded in June of 1975. When the founders of GOA and GOC wanted to create an administrative support operation for both committees, the then executive director, Willis Laney, contacted the FEC and travelled to Washington to discuss a proposed procedure. This procedure was confirmed in Mr. Laney's letter of December 11, 1975 (see attachment 1) which showed that a single staff would be hired to administer both committees. The staff would be paid directly by GOA and the costs incurred by GOC for such staff assistance (unallocated administrative costs, as compared to direct expenditures incurred by either of the committees such as postage or mailing services) would be paid back by GOC to GOA. Mr. Laney had proposed that GOC establish two bank accounts and put only monies that were legal under federal law into one of the accounts and have all reimbursement to GOA for the unallocated administrative costs paid from such accounts. Mr. Laney's letter of December 11, 1975, confirms that his meeting on November 24 and 25, 1975 with Patricia Shearing of the FEC approved such procedure.

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The agreed upon procedure would require GOA and GOC to determine how much was raised by each committee during a particular fiscal period and allocate the unallocable administrative costs on the same percentage as each committee's fund raising efforts were to the total funds raised. Each committee would bear its own direct costs.

In late May or early June of 1976 the FEC staff conducted a seminar in California attended by GOA/GOC staff. In the question and answer portion, questions were raised about some of the particulars of the GOC/GOA reimbursement procedure and apparently the staff present would not confirm the legality of the existing procedure.

GOA requested its legal counsel, Dobbs, Doyle and Nielsen, (now Dobbs and Nielsen) to seek an opinion request on this matter. The request was submitted on June 4, 1976 (attachment 2) and became Advisory Opinion Request 76-43.

On August 6, 1976 the FEC issued its advice (AOR 76-43) (see attachment 3) confirming the existing proecdure was legal and stating that the reimbursement must be paid from the GOC bank account which only contained funds that could have been legally contributed to a federal political committee. The receipt of these funds by GOA would not be as contributions, but as receipts for services rendered. It was not expected that GOC would intentionally over-pay, but it might be behind in its payments which would be reported as an obligation due to GOA. If GOC did over-pay for this administrative support, this would be considered an obligation owed by GOA and reported on line 26 of page 2, FEC form 3.

In December of 1976, the FEC auditors contacted GOA and questioned the reporting of "loans" from GOC to GOA in amounts greatly in excess of $1,000. The FEC asked whether GOC should have registered as a federal political committee if, in fact, it was making "loans" to GOA. GOA legal counsel (Mr. Nielsen) contacted the GOA accountant to identify what funds had been disclosed as "loans". The GOA accountant, who is no longer employed by GOA, indicated that he felt proper accounting rules required that all funds transfered from GOC to GOA in payment of administrative costs during the fiscal year should be reported as loans to GOA. And, as monthly figures on contributions received by each committee became available, the actual amount owed GOA by GOC would be determined and reported as an obligation owed by GOA. The accountant expected to have the "loans" cancel the "obligations" and reconcile any difference after the end of the year.

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GOA staff contacted Steve Mims at the FEC and explained these facts (see attachment 4). Mr. Mims was told that the GOC payments were never "loans" but, in fact, they were payments made for administrative costs pursuant to AOR 76-43. Mr. Mims requested that appropriate amendments be filed. An amendment letter was sent shortly thereafter.

In early 1977, GOA and GOC retained a resident counsel (Mr. Hodgson) and a Certified Public Accounting Firm (Mr. MacDonald of Rossmann and Company). It was determined that a complete fiscal audit was needed for 1976, at which time any appropriate amendments would be filed and an accurate picture would be available on whether GOC had correctly paid GOA for its share of the unallocated administrative costs. Since the preliminary figures indicated a GOC over payment, GOC requested legal counsel to contact the FEC to determine what alternatives were available to GOC if an over payment had in fact been made. FEC staff agreed that if GOC decided to waive repayment, then GOC would become a political committee under federal law and would be required to register and file campaign reports. The FEC staff concluded that since the waiver would be for debts incurred during 1976, the required report would necessarily cover the entire 1976 calendar year.

GOA legal counsel then requested clarification on whether quarterly and election deadline reports would be required to be filed or whether a single report for the entire twelve months would be acceptable.

Simultaneous with these inquiries additional contact had been made with the FEC. In late December, 1976, a change of staff occurred at GOA and GOC and the new staff wrote the FEC requesting that it schedule an FEC audit at the earliest possible time. GOA was very concerned that its reports had been properly completed and filed. The FEC initially indicated that it would not be able to schedule an FEC audit until late 1977 or early 1978. It was at that time, in early March of 1977, that Mr. MacDonald of Rossmann and Company began his GOA and GOC audits. In early April, 1977 the FEC decided that they were in fact going to be able to come out to Sacramento and do an audit of the committees. The FEC auditors arrived during the time that GOA awaited decision on whether a single GOC report could be filed for 1976. The auditors contacted the legal division and reported that a single report could be filed, and that the lists of contributors filed under California law, which law requires more disclosure than federal law, could be used to satisfy the schedule A requirements for the federal report. It was during this period in April, 1977 that the final figures were being developed by Mr. MacDonald (CPA) on the exact figures of the unallocated administrative expenses.

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The GOC (federal) report for 1976 was prepared, and after some work to correct errors made on the State reports, was filed on August 24, 1977. In addition to the 1976 report, a 1975 GOC (federal) report was filed as well as a statement of organization (Form 1).

It should be noted that GOC during the entire 1975 and 1976 period was filing campaign reports required by California campaign disclosure laws. These reports are very similar in nature to the federal forms and were filed on a regular basis during those years. Copies of those reports are filed not only with the California Secretary of State's office but also with various county and city clerk's offices where appropriate.

Since February 1, 1977, the entire GOC and GOA operation has been changed. Because of the apparent confusion noted in the above discussion and because of the enormous reporting requirements generated by the prior methods of allocating expenses, a spearate corporation has been set up to provide all administrative services for the various committees. Computer Caging Company (hereinafter referred to as CCC), Inc. was formed and all former employees of GOA are now employees of Computer Caging Company. The actual caging operation, computer operation, mail processing operation, accounting and general administrative overhead are now performed by CCC. Typically, CCC contracts with whichever committee it provides services to on a per letter received basis. Currently eight committees or accounts are being provided administrative services by CCC. It is expected that the confusion in terms of reporting in 1976 will be eliminated because of this new system. Also, Mr. MacDonald, upon completion of his audit has developed more streamlined and accurate methods of accounting which CCC and the various committees are utilizing.

Should you have any questions or require any additional information regarding this matter, please do not hesitate to contact this office. I am sending in a separate mailing the repsonse addressing the matters of Gunowners of America Campaign Committee and the Legislative Action Fund.

Very sincerely,

John H. Hodgson II

JOHN H. HODGSON II
Attorney at Law

JHH:lj
Enclosures (4)
cc: Vigo G. Nielsen, Jr.
Gun Owners of California

P.S. Our figures show the "excess payments" from GOC to GOA to be $29,137.20 rather than the $48,704.98.

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TARGET '76

ATTACHMENT 1

December 11, 1975

Patricia Schering
FEDERAL ELECTIONS COMMISSION
1325 "K" Street, N.W.
Washington, D.C. 20005

Dear Patricia:

This letter is to confirm the conversations we had on November 24 and 25, 1975, concerning the procedure for allocation and payment of administrative services provided to two separate political committees.

Target '76 is a California state sub-committee established pursuant to California statutes to support California legislative candidates. The committee has established one or more bank accounts from which contributions will be made. This sub-committee has established a separate, segregated bank account into which only funds not prohibited as contributions, as defined by Section 591 of Title 18 of the U.S. Criminal Code, as prohibited by Title 18 of the U.S. Criminal Code will be placed into the bank account. All state Target '76 funds will be reported under the California disclosure law, the Political Reform Act of 1974.

The Target '76 federal committee was established pursuant to Title 2 of the U.S. Code to support federal candidates. All funds will be administered and reported pursuant to Title 2.

A single staff will solicit, administer, disperse and report funds for both committees. The staff will be hired by the federal committee and partial reimbursement for administrative services rendered to the state sub-committee.

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The reimbursement will be in proportion to the funds raised for the federal committee. Example: November, 1975, contributions for the federal committee equaled $48,198.81 and the California sub-committee received $31,581.18. The contributions to the two committees totaled $79,779.99 for November, 1975. The reimbursement by state to federal will be from the segregated bank account and will be reported in aggregate by the federal committee as payment for administrative services rendered (miscellaneous receipts) from the state sub-committee.

We are assured that the structure described above complies with all state and federal laws. Therefore, we would appreciate receiving concurrence in writing from you. If you have any questions, please contact me.

Sincerely,

WILLIS E. LANEY, JR.
Executive Director

WELjr:ln

cc: Fair Political Practices Commission
Sacramento, California

Vigo G. Nielsen, Jr.
Attorney at Law

David R. Motes, C.P.A.
Coopers & Lybrand

7804001420

ATTACHMENT 2

DOBBS, DOYLE & NIELSEN
Attorneys and Counselors at Law
SUITE 2500, THE ALCOA BUILDING
ONE MARITIME PLAZA
SAN FRANCISCO, CA 94111
TELEPHONE (415) 362-1940

June 4, 1976

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

Attention: Office of General Counsel
Advisory Opinion Section

Gentlemen:

Gun Owners of America is a political committee registered with your Commission to support federal office candidates. At a recent seminar conducted in Sacramento, some of its personnel discussed a question with one of your panelists, but was unable to receive a conclusive answer and was told to request an Advisory Opinion.

Gun Owners of America has an office, employs staff and expends funds in connection with its fund-raising activities and its political campaign activities. Many of the persons who perform these services for this committee also perform services for a non-federal committee called Gun Owners of California, which is registered under California law to solicit and expend monies only in state elections.

When both of these committees were about to be created last year, they discussed the administrative procedures with staff of your commission and proceeded accordingly. The total cost of personnel and overhead is all paid by Gun Owners of America (i.e., the federal committee), and then Gun Owners of California reimburses Gun Owners of America for its personnel services and administrative costs. Since the check written from Gun Owners of California to Gun Owners of America is for services rendered and not a contribution, it has been disclosed as "payment for services rendered." As an extra, voluntary precaution, Gun Owners of California has established two separate bank accounts, both of which are reported under state law, to separate corporate and non-

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corporate funds. The payments to Gun Owners of America by Gun Owners of California have been paid from this non-corporate account.

Your advice is requested on the correct procedure for depositing and reporting income received for providing personnel and administrative services to another organization as described above.

Very truly yours,

Vigo G. Nielsen, Jr.

VGN:jy
cc: Gun Owners of America

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ATTACHMENT 3

6 AUG 1976

Re: AOR 1976-43

Vigo G. Nielsen, Jr., Esquire
Dobbs, Doyle & Nielsen
Suite 2500, The Alcoa Building
One Maritime Plaza
San Francisco, California 94111

Dear Mr. Nielsen:

This letter responds further to your request of June 4, 1976, for an opinion concerning the reporting requirements for payments by Gun Owners of California, a non-Federal committee, to Gun Owners of America, a Federal committee, for use of the Federal committee's facilities and staff.

Under 2 U.S.C. §437f of the 1976 Amendments to the Federal Election Campaign Act of 1971, the Commission is required to initially propose rules of general applicability by regulation rather than by advisory opinion. The Commission has recently given final approval to proposed regulations which have been transmitted to Congress pursuant to 2 U.S.C. §438(c). Copies of pertinent sections of those regulations are enclosed.

Sections 104.2(b)(10) and (b)(11) of the proposed regulations appear to be directly relevant to your question. Gun Owners of America, the Federal committee, should report in a timely fashion its disbursements for administrative purposes (including personnel and overhead) as "expenditures" pursuant to subsection (b)(10) whether or not those disbursements are for support services provided on a reimburseable basis to Gun Owners of California.

In addition, Gun Owners of America should report as an obligation owed to it by Gun Owners of California any amount determined to be the non-Federal committee's allocated administrative expenses if that amount exceeds $500 or if $500 or less has been outstanding for over sixty days from the date incurred. See §104.8 of the proposed regulations.

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Upon reimbursement, Gun Owners of America should report the receipt as a payment for administrative support services rendered to Gun Owners of California. If any payment of this type relates to retirement of a reportable outstanding debt owed by Gun Owners of California to Gun Owners of America, then the reduction or retirement of that debt is also required to be reported.

The Commission notes its general audit and investigative authority with respect to payments made by Gun Owners of California in consideration of services and facilities provided by Gun Owners of America, and emphasizes that such payments not be in excess of any amounts that Gun Owners of California would be required to pay if it obtained similar services from another source. The obvious concern of the Commission in this respect is that the payments made by Gun Owners of California are not a device to provide additional funds to Gun Owners of America circumventing the contribution limits of 2 U.S.C. §441a.

In order to assure that corporate, labor organization, or other funds prohibited by Federal law are not being indirectly routed to the Federal committee by the described arrangement, Gun Owners of California must continue its stated procedure of making payment from funds held in a separate account that does not contain corporate or other donations that could not be lawfully made under Federal law.

This response relates to your opinion request but may be regarded as informational only and not as an advisory opinion since it is based in part on proposed regulations of the Commission which must be submitted to Congress. The proposed regulations may be prescribed in final form by the Commission only if not disapproved either by the House or the Senate within thirty legislative days from the date received by them. 2 U.S.C. §438(c). The proposed regulations were submitted to Congress on August 3, 1976. It is the Commission's view that no enforcement or compliance action should be initiated in this matter if the actions of the political committee conform to the conclusions and views stated in this letter.

Sincerely yours,

Vernon W. Thomson
Chairman for the
Federal Election Commission

Enclosure

DSkover/BVandegrift/NBLitchfield:scc 8/4/76 (O/R #633)

cc: NBLitchfield, JGMurphy, DSkover, BVandegrift BMV

7 8 0 4 0 0 4 4 2 1 5

ATTACHMENT 4

OFFICERS
SENATOR H. L. RICHARDSON
Founder and Chairman
JOHN E. BIANCHI
Committee Treasurer
W. E. LANEY JR.
Executive Director and
Campaign Treasurer
TIM MACY
Field Representative

CONGRESSIONAL ADVISORY BOARD
United States Senate
JESSE A. HELMS
North Carolina

United States Congress
LAWRENCE P. McDONALD
Georgia
MANUEL LUJAN JR.
New Mexico
JOHN B. CONLAN
Arizona
JAMES M. COLLINS
Texas
JOHN H. ROUSSELOT
California
STEVEN D. SYMMS
Idaho
TRENT LOTT
Mississippi
PHILIP M. CRANE
Illinois
GEORGE V. HANSEN
Idaho

NATIONAL ADVISORY BOARD
JOHN T. AMBER
Editor-in-Chief, Gun Digest
COL. CHARLES ASKINS
Guns Editor, True Magazine
ARLEN G. CHANEY
Marketing Manager
Olympic Industries
COL. EDWARD B. "JIM" CROSSMAN
Member, Shooting Committee
U.S. Olympic Team
LT. COL. LYMAN P. DAVISON
Director of Research and Testing
American Federation of Police
DAVID N. ECKER
Charter Arms Co.
ELGIN T. GATES
DEAN A. GRENNELL
Managing Editor, Gun World Magazine
ROBERT L. GUSTAFSON
Vice President, Thompson Center Arms
BOB HAGEL
Hunting Editor, Rifle Magazine
FRED F. HUNTINGTON
President, ACBIS Inc.
ROBERT HUTTON
RICK JAMISON
Assistant Editor
Handloader, Rifle Magazine
J. J. JONES
ELMER W. KEITH
Executive Editor, Guns & Ammo Magazine
TURNER KIRKLAND
President, Wise Guns Works, Inc.
NEAL KNOX
Editor and Publisher
Handloader, Rifle Magazine
STEPHEN P. LISSER
Past President, Mum Safari Club
DR. LOREN L. LUTZ
C. J. McELROY
President, Safari Club International
MAJOR GEORGE C. NONTE JR.
JACK O'CONNOR
Executive Editor, Hunting Magazine
ANDY OLDFIELD
JAMES R. OLT
Secretary-Treasurer, P.S.O.R. Inc.
FRANK A. PACHMAYR
President, Pachmayr Gun Works
NEALE A. PERKINS
President, Safariland
WILLIAM B. RUGER
President, Sturm, Ruger & Co., Inc.
HARRY W. SANFORD
TDE Corporation
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DR. JOE SWEET, D.D.S.
H.A. SWIGGETT
CHARLES E. WARREN
President, Punness Warren, Inc.
ROY E. WEATHERBY
President, Weatherby Firearms
DANIEL B. WESSON
Dan Wesson Arms, Inc.
MAJOR J. WILLIAMS

951 ARDEN WAY • SACRAMENTO, CALIFORNIA 95815

Gun Owners of America
CAMPAIGN COMMITTEE
'76

December 27, 1976

Mr. Steve Mims
FEDERAL ELECTIONS COMMISSION
1325 "K" Street, N.W.
Washington, D.C. 20463

Dear Steve:

This is in follow-up to our telecon this date with Messrs. T. P. Macy, H. D. Harper, and the undersigned, regarding the enclosed amendment to Gun Owners of America Campaign Committee (GOA) report dated 21 October, 1976.

As we agreed, the Gun Owners of California (GOC) over payment for administrative services provided by GOA was inadvertantly reported as a loan, when in fact is should have been reported on Schedule "C" as a debt owed by GOA. The overpayment resulted from a balance of actual expenses allocated and payments made to GOA against the projected allowable ratio of 60 percent GOA and 40 percent GOC established at the beginning of the report periods for 1976. The actual GOC administrative services allocation was less than the projected payments made to GOA. Consequently, the enclosed amendment reports correct the record as a debt owed to GOC. Renumeration for the overpayment will be allocated on a monthly basis against costs for administrative services provided by GOA to GOC during the claendar year 1977.

Payments and outstanding balances applicable to this debt will be reported on Schedules A, B, and C.

Regarding the amended statement of originization applicable to GOC affiliation; I believed that my letter to Patricia Schering, dtd, 11 Dec 1975 met the intent of law. Since FEC Form 1 was not available for use in December 1975 I have enclosed the form and a copy of my original statement of GOC affiliation.

A Political Committee dedicated to crime control not gun control—and organized to defeat anti-gun politicians.

Printed by SIERRA COPY 2021 J Street Sacramento, CA

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Please excuse the inconvenience caused by inadvertant reporting of this debt as a loan on our 21 October report. Thank you for your assistance in resolving this matter.

Sincerely,

WILLIS E. LANEY, JR.

WELjr:pl

CC: Fair Political Practices Commission
Sacramento, CA

Vige G. Nielsen, Jr.
Attorney at Law

7804004421 5

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 900, 1006 FOURTH STREET
SACRAMENTO, CA 95814

ATTN: KATHRYN KAVANAUGH
CERTIFICATE OF MAILING

FEDERAL ELECTION COMMISSION
1325 K Street, N W
Washington, D. C. 20463

U.S. POSTAL SERVICE
CERTIFICATE OF MAILING

Received From:

JOHN H. HODGSON II
ATTORNEY AT LAW
~~1006 4TH ST., SUITE 900~~
SACRAMENTO, CA 95814

One piece of ordinary mail addressed to:

FEDERAL ELECTION COMMISSION (Kathryn Kavanaugh)
1325 K Street, NW
Washington, D. C. 20463

MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE. – POSTMASTER

PS FORM MAY 1971 3817

☆ GPO:1971—O-426-905

MUR 413 (77)
GOA/GOC

MLC 1199

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 900, 1006 FOURTH STREET
SACRAMENTO, CA 95814
TELEPHONE (916) 443-2051

RECEIVED
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COMMISSION
'77 AUG 22 AM 9:27

August 17, 1977

772467

Ms. Kathryn Kavanagh
Office of the General Counsel
Federal Election Counsel
1325 K Street, N W
Washington, D. C. 20463

RE: MUR 413 (77)
Gun Owners of America Campaign Committee '76
Legislative Action Fund
Gun Owners of California

Dear Ms. Kavanagh:

I have received the letters from your office regarding the above-mentioned committees. Mr. Vigo G. (Chip) Nielsen and I will be representing these committees in these matters. Mr. Nielsen is in our San Francisco office located at One Maritime Plaza, Suite 2500, The Alcoa Building, San Francisco, CA 94111 (phone number 415/362-1940). I am in the Sacramento office and my address is 1006 Fourth Street, Suite 900, Sacramento, CA 95814 (phone number 916/443-2051).

It is our intention to respond as quickly and as completely as possible to the matters which you have indicated in your letters to these committees. We intend to provide a complete chronology of the events that have taken place since the inception of all three committees including those sworn statements that would be relevant to this matter. It is expected that our response will be as timely as possible, however, it is anticipated that our response will take more than the ten days suggested in your letter. I will be in contact with your office by phone early next week to give you a better timetable of when this response can be prepared.

It is our clients' wish that this matter remain confidential in accordance with 2 U.S.C. §437(a)(3). Thank you for your anticipated courtesy and cooperation.

Very sincerely,

John H. Hodgson II

JOHN H. HODGSON II

cc: Thomas J. Haselhorst, FEC Audit Manager
Vigo G. Nielsen, Jr.

7804001421 7

DOBBS & NIELSEN
Attorneys and Counselors at Law
SUITE 900, 1006 FOURTH STREET
SACRAMENTO, CA 95814

SACRAMENTO, CA
PM
16 AUG
1977

Ms. Kathryn Kavanagh
Office of the General Counsel
Federal Election Counsel
1325 K Street, N W
Washington, D. C. 20463

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FEDERAL ELECTION
COMMISSION

7804004178

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 26, 1977

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John H. Hodgson, II
Dobbs & Nielsen
1006 Fourth Street, Suite 900
Sacramento, California 95814

RE: MUR 413 (77)

Dear Mr. Hodgson:

This is to confirm that you agreed in a telephone conversation on August 23, 1977, with Kathryn Kavanagh, of this office, that the Commission will receive your written response in this matter no later than September 6, 1977.

Thank you for your cooperation.

Sincerely yours,

William C. Oldaker
General Counsel

Charles N. Steele
Associate General Counsel

7804004421

GC MUR 413

PS Form 3811, Mar. 1974

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).

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- ☒ Show to whom, date, & address of delivery.. 35¢
- ☐ RESTRICTED DELIVERY.
  Show to whom and date delivered..... 65¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:

John H. Hodgson, II

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943978	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

Kim Ellis

4. DATE OF DELIVERY 8-29

POSTMARK AUG 29 1977

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO: 1976—O-229-456

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 8, 1977

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 413 (77)

The above-mentioned document was transmitted to the Commissioners on August 5, 1977 at 11:00.

As of 3:30, August 8, 1977, no objections have been received in the Office of Commission Secretary to the staff recommendations in the First General Counsel Report.

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 8, 1977

Treasurer
Gun Owners of California
951 Arden Way
Sacramento, California 95815

Re: MUR 413 (77)

Dear Sir:

This letter is to notify you that the Federal Election Commission, in the course of carrying out its supervisory responsibilities, has received information which suggests certain violations of the Federal Election Campaign Act of 1971, as amended (the Act). We have numbered this matter MUR 413 (77). The Commission has reason to believe that the matters alleged herein state a violation of 2 U.S.C. §§433 and 434.

Section 433 of the Federal Election Campaign Act of 1971, as amended, states that political committees receiving contributions or making expenditures in excess of $1,000 during the calendar year are required to file a statement of organization with the Commission. Section 434 requires each treasurer of a political committee which supports candidates for election to Federal office to file with the Commission reports of receipts and expenditures.

Commission staff auditors have learned that in making payments for shared overhead expenses, Gun Owners of California transferred $323,023.12 during the period January 1, 1976 through December 31, 1976. GOC's share of expenses was 39.3% of total overhead costs for the two committees (based on GOC's share of total contributions received). The actual amount paid, according to the proportional allocation formula, should have been $230,612.15. Therefore, it appears that there has been an overpayment by Gun Owners of California to Gun Owners of America of $48,704.97, after an adjustment of $43,706 which represented fees for direct mail postage incorrectly

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allocated to GOA (and paid by GOA) when the fees should have been billed to GOC.

Since the excess sum was transferred by Gun Owners of California to a committee supporting candidates for election to Federal office, the $48,704.97 in excess payments can be construed to be in support of Federal candidates. Therefore, the Gun Owners of California is qualified as a political committee supporting candidates for Federal office and is subject to the requirements of §§433 and 434.

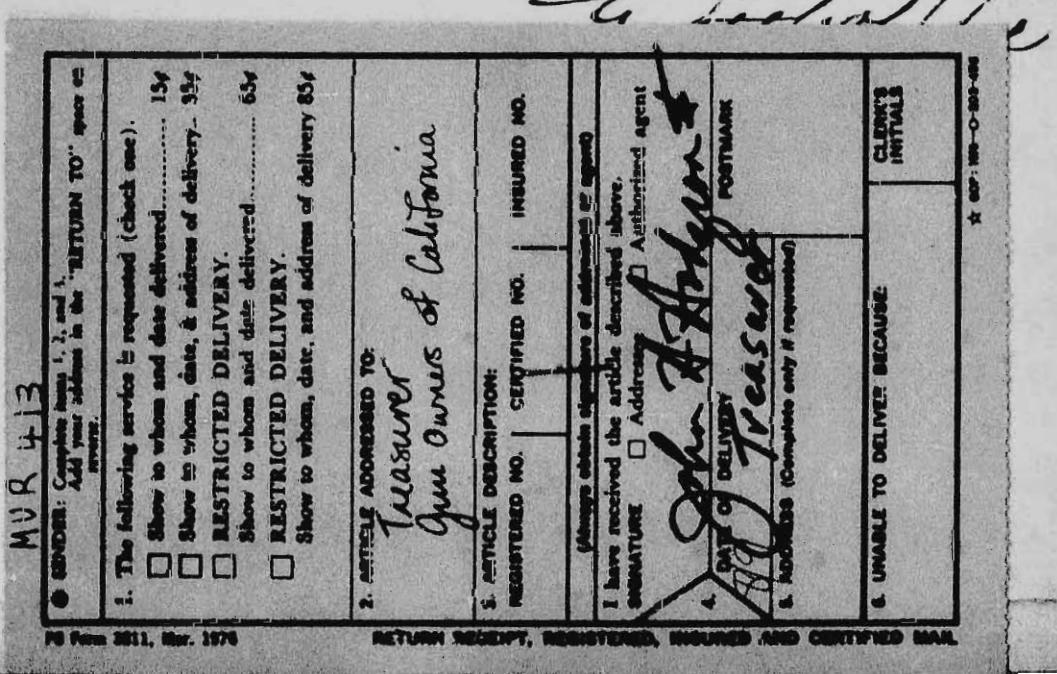
Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously; therefore, your response should be submitted within ten days after receipt of this notification. If you have any questions, please contact Kathryn Kavanagh (telephone No. 202/523-4073), the staff member assigned to this case.

This matter will remain confidential in accordance with 2 U.S.C. §437a(a)(3) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely yours,



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If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

KKavanagh:cfb:8/4/77
cc: MUR 413 (77)

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Treasurer
Gun Owners of California
951 Arden Way
Sacramento, California 95815

AUG 8 1977

Re: MUR 413 (77)

Dear Sir:

This letter is to notify you that the Federal Election Commission, in the course of carrying out its supervisory responsibilities, has received information which suggests certain violations of the Federal Election Campaign Act of 1971, as amended (the Act). We have numbered this matter MUR 413 (77). The Commission has reason to believe that the matters alleged herein state a violation of 2 U.S.C. §§433 and 434.

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 8, 1977

Treasurer
Legislative Action Fund
951 Arden Way
Sacramento, California 95815

Re: MUR 413 (77)

Dear Sir:

This letter is to notify you that the Federal Election Commission, in the course of carrying out its supervisory responsibilities, has received information which suggests that certain violations of the Federal Election Campaign Act of 1971, as amended (the Act), have occurred. We have numbered this matter MUR 413 (77). The Commission has determined that there is reason to believe that the matters alleged herein state a violation of 2 U.S.C. §§433, 434, and 441b(a).

Section 433 of the Federal Election Campaign Act of 1971, as amended, states that political committees receiving contributions or making expenditures in excess of $1,000 during the calendar year are required to file a statement of organization with the Commission. Section 434 requires each treasurer of a political committee which supports candidates for election to Federal office to file with the Commission reports of receipts and expenditures.

Commission staff auditors have learned that in making payments for shared overhead expenses, Legislative Action Fund (LAF) transferred $38,531.53 during the period January 1, 1976 through December 31, 1976. Legislative Action Fund's share of expenses was 5.16% of total overhead costs for the two committees (based on LAF's share of total contributions received). The actual amount paid, according to the proportional allocation formula, should have been $16,591.51. Therefore, it appears that Legislation Action Fund has made an overpayment to Gun Owners of $21,940.02.

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Since the excess sum was transferred by Legislative Action Fund to a committee supporting candidates for election to Federal office, the $21,940.02 in excess payments can be construed to be in support of Federal candidates. Therefore, having made an expenditure in excess of $1,000 and in support of Federal candidates, the Legislative Action Fund became subject to the requirements of §§433 and 434 of the Act.

Further, §441b(a) of the Federal Election Campaign Act of 1971, as amended, states that

> It is unlawful for any . . . corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office . . . or for any political committee or other person knowingly to accept or receive any contribution prohibited by this section.

From the time that LAF made expenditures on behalf of candidates for Federal office, that is from the date that the excessive payments to GOA passed the $1,000 threshold, the committee (LAF) was proscribed from receiving corporate or union contributions. Knowing acceptance of such contributions would constitute a violation under 2 U.S.C. §441b(a).

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. 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.

The Commission is under a duty to investigate this matter expeditiously; therefore, your response should be submitted within ten days after receipt of this notification. If you have any questions, please contact Kathryn Kavanagh (telephone No. 202/523-4073), the staff member assigned to this case.

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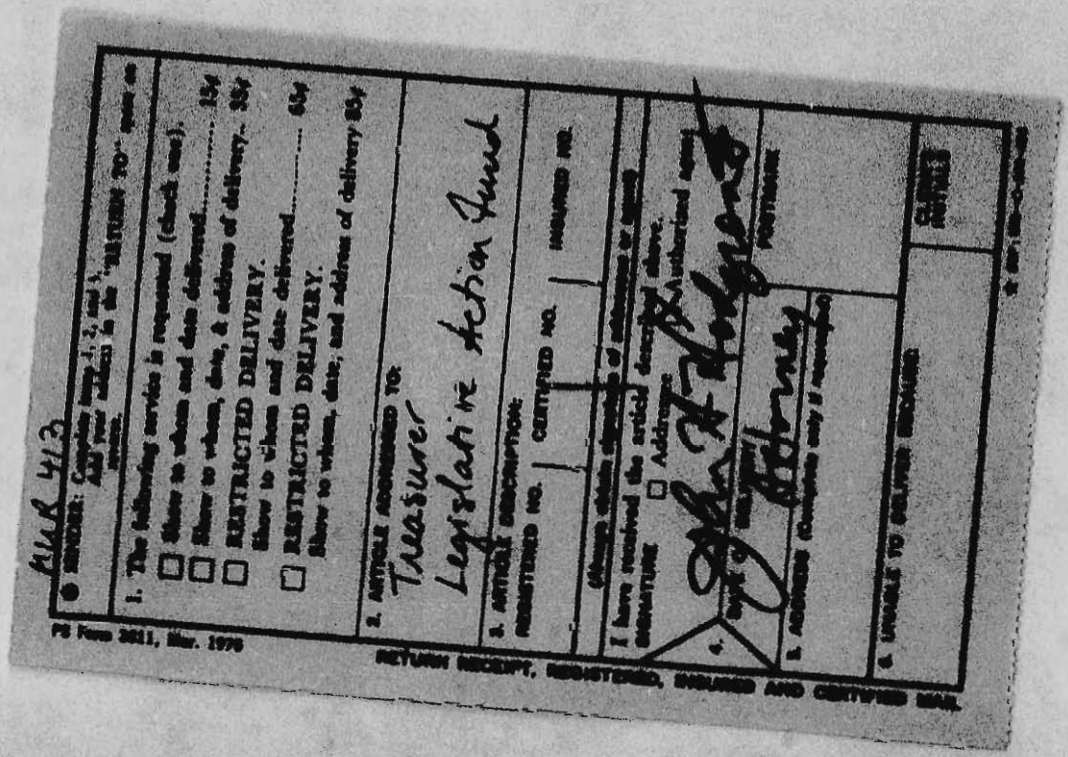
If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely yours,

William C. Oldaker
General Counsel



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AUG 8 1977

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Sacramento, California 95815

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Under the Act, you have an opportunity to demonstrate that no action should be taken against you. 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.

The Commission is under a duty to investigate this matter expeditiously; therefore, your response should be submitted within ten days after receipt of this notification. If you have any questions, please contact Kathryn Kavanagh (telephone No. 202/523-4073), the staff member assigned to this case.

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If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely yours,

William C. Oldaker
General Counsel

KKavanagh:cfb:8/4/77
cc: MUR 413 (77)

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 8, 1977

Mr. John Hodgson, Treasurer
Gun Owners of America Campaign Committee '76
951 Arden Way
Sacramento, California 95815

Re: MUR 413 (77)

Dear Mr. Hodgson:

This letter is to notify you that the Federal Election Commission, in the course of carrying out its supervisory responsibilities, has received information which suggests certain violations of the Federal Election Campaign Act of 1971, as amended (the Act). We have numbered this matter MUR 413 (77). The Commission has reason to believe that the matters alleged herein state a violation of 2 U.S.C. §§441b(a) and 434(b).

Section 441b(a) of the Federal Election Campaign Act of 1971, as amended states that

> It is unlawful for any . . . corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office . . . or for any . . . political committee or other person knowingly to accept or receive any contribution prohibited by this section.

The results of an audit conducted by Commission staff has determined that Gun Owners of America accepted payments for shared overhead expenses from the Legislative Action Fund, the treasury of which included corporate monies. The Commission's position as to the legality of reimbursements from one committee (not subject to FECA contribution restrictions) to another committee (which is subject to FECA restrictions) was clearly set forth in AOR 1976-43.

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

> In order to assure that corporate, labor organization or other funds prohibited by Federal law are not being indirectly routed to the Federal committee . . . (payments must be made) from funds held in a separate account that does not contain corporate or other donations that could not be lawfully made under Federal law.

Since the Commission's response to the opinion request was directed to you and concerned a similar matter, it appears that Gun Owners of America, in accepting funds which included corporate monies, has violated §441b(a).

Section 434(b) of the Federal Election Campaign Act requires that political committees file reports with the Commission which disclose

- the amount of cash on hand at the beginning of the reporting period (§434(b)(1));
- the total sum of all receipts by or for such committee or candidate during the reporting period (§434(b)(8));
- the total sum of expenditures made by such committee during the calendar year (§434(b)(11)).

According to Federal Election Commission Audit Staff, as of your January 31, 1977 Report filed with the Commission, receipts had been overstated by $101,101.75, expenditures overstated by $627.16, and ending cash overstated by $100,474.59. The audit staff discovered that numerous errors were found in the reporting of receipts and expenditures. In addition, it appears that LAF and GOC, in compensation for overhead expenses shared with GOA, have made payments in excess of costs. Gun Owners of America, therefore, has received political contributions (§431(e)(3)) and, necessarily, must report these contributions as received (§434).

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. 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.

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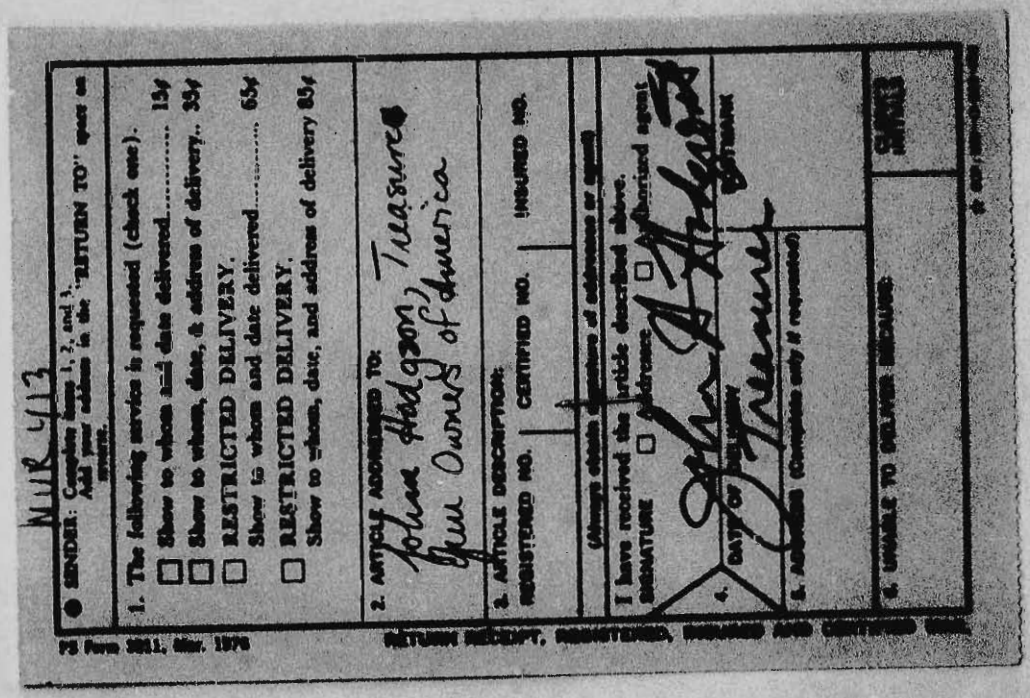
General Counsel



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AUG 8 1977

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Gun Owners of America Campaign Committee '76
951 Arden Way
Sacramento, California 95815

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August 4, 1977

MEMORANDUM TO: Marjorie Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 413 (77)

Please distribute the attached 48 hour report on MUR 413 (77) on a 24 hour no-objection basis.

Thank you.

7804004237

FEDERAL ELECTION COMMISSION
Washington, D. C.

FIRST GENERAL COUNSEL REPORT

MUR NO. 413 (77)

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION

DATE COMPLAINT RECEIVED BY OGC June 10, 1977

STAFF MEMBER Kathryn Kavanagh

Complainant's Name: Internally generated from the Audit Division; a report was submitted by Tom Haselhorst and Craig Russell

Respondent's Name: Gun Owners of America Campaign Committee '76; Gun Owners of California; Legislative Action Fund; and each and every officer of the above-named committees responsible for the keeping of records for the committee(s).

Relevant Statute: §433, §434, §441b

Internal Reports Checked: Gun Owners of America Campaign Committee '76

Federal Agencies Checked

SUMMARY OF ALLEGATION

A. Gun Owners of California (GOC) - This is a committee supporting only state and local candidates. The Commission's audit indicates that GOC made payments for shared overhead in excess of cost to Gun Owners of America (GOA), a registered committee which supports Federal candidates. (cont.)

PRELIMINARY LEGAL ANALYSIS

This matter was referred to the Office of General Counsel from the Audit Division. The memorandum to Dan Swillinger from Tom Haselhorst and Craig Russell, outlines the history of the three respondents and details the evidence which suggests possible violations of the Act. (Attachment A.)

A. Gun Owners of California (GOC), in transferring $48,704.97 in excess payments to Gun Owners of America (GOA), has made expenditures, (cont.)

RECOMMENDATION

A. That the Commission find reason to believe that Gun Owners of California has failed to comply with §§433 and 434.

B. That the Commission find reason to believe that Legislative (cont.)

Date of Next Commission Review:

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SUMMARY OF ALLEGATIONS (continued)

The overpayment, calculated by the auditors at $48,704.97 out of total payment of $323,023.12, would represent an expenditure (§431(f)(3)) and would make GOC subject to the registration and reporting requirements of 2 U.S.C. §§433 and 434.

B. Legislative Action Fund (LAF) This is an organization which was organized to perform lobbying activities. According to the audit report the group came into being because GOA found itself with monies which it was prohibited from accepting under the FECA. The group shares overhead costs with GOA.

The audit report indicates that for the period June 1, 1976 through December 21, 1976, LAF overpaid GOA in an amount equal to $21,940.02 (out of total payments of $38,531.53). The overpayment would represent an expenditure (§431(f)(3)). The expenditure would make LAF subject to the reporting requirements of 2 U.S.C. §§433, 434. As a political committee, LAF would be subject to FECA restrictions, and therefore, possibly the recipient of illegal corporate contributions, (§441b(a)).

There may also be a violation with respect to the legitimately shared costs which were paid by LAF to GOA. If these payments were not made out of an account which excluded corporate monies there would be a violation of

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§441b(a), under the interpretation of this section made by the Commission in AOR 1976-43 (Attachment B). The opinion appears to be explicitly applicable to the present situation.

C. Gun Owners of America (GOA) The apparent overpayments from GOC and LAF suggest that (a) GOA may be required to report the receipt of contributions from GOC and LAF and (b) GOA may also be the knowning recipient of corporate monies, and in violation of 2 U.S.C. §441b.

In addition, the auditors' report states that

> As of the 1/31/77 Report (of GOA), receipts had been overstated by $101,101.75, expenditures overstated by $627.16, and ending cash overstated by $101,474.59. In addition, numerous errors were found in the reporting of receipts and expenditures to the extent that every report filed by the Committee should be amended.

In light of the auditors' findings, it appears that GOA has not complied with the reporting requirements of the Act. (§434(b))

PRELIMINARY LEGAL ANALYSIS (continued)

as defined by the Act (§431(f)(3)), in an amount exceeding $1,000. Therefore GOC was required to file a statement of organization with the Commission (§433) and file reports of receipts and expenditures (§434) from November 1, 1975, the time that the $1,000 expenditure threshold was exceeded (see Attachment A; Chart I).

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AOR 1976-43 was addressed to Gun Owners of America and Gun Owners of California regarding the sharing of administrative expenses (Attachment B). The Commission cautioned:

> (The Commission) emphasizes that such payments not be in excess of any amounts that Gun Owners of California would be required to pay if it obtained similar services from another source. The obvious concern of the Commission in this respect is that the payments made by Gun Owners of California are not a device to provide additional funds to Gun Owners of America circumventing the contribution limits of 2 U.S.C. §441a.

B. The Legislative Action Fund (LAF) reimbursed the Gun Owners of America for its (LAF's) proportion of shared overhead expenses. Commission auditors report that LAF overpaid GOA a total of $21,940.02. The overpayment represents an expenditure under 2 U.S.C. §431(f)(3). As in "A", above, LAF, having made a political expenditure in excess of $1,000 was required to file a statement of organization with the Commission (§433) and file reports of receipts and expenditures (§434) from August 1, 1976, the time that the $1,000 expenditure threshold was exceeded (see Attachment A, Chart II).

Furthermore, the Legislative Action Fund, obtaining status as a Federal political committee at the time that they transferred more than $1,000 in excessive payments to Gun Owners of America (August 1, 1976), became subject to the Federal laws governing political committees (from

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that date, August 1, 1976, forward). This includes the receipt of corporate contributions. Therefore, should the Legislative Action Fund have knowingly received corporate contributions after August 1, 1976, it would have violated 2 U.S.C. §441b.

Since the purpose of establishing the Legislative Action Fund was to permit the Gun Owners organization to accept monies in a legal fashion, it is likely that the Legislative Action Fund received corporate contributions in August, 1976.

Another issue regarding Legislative Action Fund is that all receipts and expenditures involved a single depository. This indicates that LAF bills were paid with funds tainted with corporate monies, including the payments to Gun Owners of America for shared overhead expenses. (This would involve GOA's receiving corporate monies in violation of §441b. See section regarding GOA.)

C. Gun Owners of America has, in the case of Gun Owners of California, received excessive payments for shared overhead expenses totalling $48,704.97. As set forth in "A" above, this amount is considered a political expenditure made by GOC and a political contribution (§431(e)(3)) received by GOA. Under §434, GOA is required to report the receipt of the transfer. Having not reported receiving such contribution, GOA is in violation of §434.

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In a similar manner, GOA received from Legislative Action Fund excessive payments for shared overhead expenses totalling $21,940.02. This amount is considered a political expenditure made by LAF and a political contribution (§431(e)(3)) received by GOA. Under §434, GOA is required to report the receipt of the transfer. Having not reported receiving such contribution, GOA is in violation of §434.

Further, payments from Legislative Action Fund to Gun Owners of America for shared overhead expenses were made from the sole account established for LAF. Since LAF was designed for the purpose of receiving corporate contributions, the treasury of LAF presumably contained corporate monies when payments were made to GOA for LAF's share of the overhead costs. Therefore, it appears that GOA, a political committee, received corporate monies. As a close affiliate of Legislative Action Fund, GOA appears to have knowingly received corporate funds in violation of §441b. Further, GOA was the recipient of AOR 1976-43 which clearly stated that payments for administrative costs must be made from an account not containing corporate or otherwise illegal monies.

In addition, the auditors found that the reports filed by GOA contained numerous errors regarding the reporting of receipts, expenditures and ending cash on-hand.

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It appears that GOA has not complied with the reporting requirements of the Act which require disclosure of

> §434(b)(1) the amount of cash on hand at the beginning of the reporting period;
>
> §434(b)(8) the total sum of all receipts by or for such committee or candidate during the reporting period . . .
>
> §434(b)(11) the total sum of expenditures made by such committee during the calendar year . . .

RECOMMENDATION (continued)

Action Fund has failed to comply with §433 and §434. Further, that there is reason to believe that Legislative Action Fund has violated §441b(a).

C. That the Commission find reason to believe that Gun Owners of America has failed to comply with the reporting requirements of §§433 and 434. Further, that there is reason to believe that Gun Owners of America has violated §441b.

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ATTACHMENT A

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

June 8, 1977

MEMORANDUM

TO: Dan Swillinger

THROUGH: BOB COSTA

FROM: TOM HASELHORST/CRAIG RUSSELL

SUBJECT: GUN OWNERS OF AMERICA CAMPAIGN COMMITTEE

I. Background

A recent audit of the Gun Owners of America Campaign Committee (GOA) commenced on April 11, 1976, pursuant to the Commission's approval of a recommendation of audit for cause generated by the Disclosure Division.

GOA originally registered with the Commission on September 4, 1975, under the name of "Target '76", which was changed to Gun Owners of America Campaign Committee '76 in January, 1976.1/ GOA's major function is to solicit contributions in the 49 states outside of California, mainly utilizing direct mail techniques, for the purpose of influencing and encouraging Pro-Gun legislation and the election of legislators at the Federal level. GOA was formed primarily because of the success of its sister committee, Gun Owners of California (GOC), which was organized prior to GOA for basically the same purpose. However, GOC restricts its operations to soliciting contributions from within the State of California only and influencing legislation and elections on the state level. GOC's considerable success in raising

1/ At the time of the audit, the principal officers of the Committee were Mr. Tim Macy, Executive Director, and Mr. John Hodgson, Treasurer.

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money during the first few months of operation encouraged its organizers to expand the concept to include the other 49 states and operate at the Federal level, thus forming GOA to accomplish this. GOC's financial structure includes two segregated bank accounts: 1) the Federal Support fund, containing only individuals' contributions, from which transfers to GOA were made (Refer AOR 1976-43, discussed below), and 2) an administrative account which contained corporate and other federally prohibited contributions which are permissable under California law.

Another GOA-affiliated organization is the Legislative Action Fund (LAF) which was organized only to perform lobbying activities at the Federal level. LAF came into being because during the first several months of 1976 GOA found itself having to return corporate contributions which under the FECA could not be accepted. In June, 1976, rather than continue returning these contributions, the GOA organizers formed LAF and registered it as a Federal lobbying organization.

II. Findings

A. Section 433(a) of the Federal Election Campaign Act, as amended, requires each political committee receiving contributions or making expenditures exceeding $1,000 in any calendar year for the purpose of influencing Federal elections to register with the Commission.

OR #633 deals with a GOA request (AOR 1976-43) for permission to share administrative expenses with its state committee (GOC) and receive reimbursement from GOC for its portion of certain overhead expenses, based on the formula:

$$\text{Reimbursement} = \frac{\text{GOC Receipts for period}}{\text{Total Receipts for period of GOA and GOC}} \times (\text{Total Overhead})$$

The Commission approved the procedure providing:

1) Such payments from GOC not be in excess of what they normally would have to pay for such services. (The Commission's concern being that such payments not be a device for providing additonal funds to GOA, circumventing the contribution limits of 2 U.S.C. 441a).

2) Payments from GOC be made from a segregated account that does not contain corporate or other Federally-prohibited contributions.

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Based on OR #633, GOA established procedures for paying all overhead expenses directly, then allocating 40% of total expenses each month to GOC, which was then supposed to reimburse GOA for this amount from the Federal Support fund. The 40% figure was based on GOC's anticipated share of total contributions received by the two committees in accordance with the above formula. Based on a review of the schedule of total contributions received, broken down by committee, GOC's actual share of contributions for the period January 1, 1976, through December 31, 1976 was 39.3% of the total. An examination of the Committee's records disclosed as of 12/31/76, GOC's 39.3% share of allocated over-head expenses for the period ending that date should have totalled $230,612.15. However, by that date, the payments made by GOC to GOA totalled $323,023.12. No actual expense allocations to GOC were made on the Committee's records after the 2nd Quarter of 1976, but payments from GOC to GOA continued throughout the rest of the year with no discernable pattern. (See Chart I)

The above facts indicate that:

1) There was an overpayment from GOC to GOA in the amount of $48,704.97, after an adjustment of $43,706 which represented fees for direct mail postage incorrectly allocated to GOA (and paid by GOA) when the fees should have been "billed" to GOC.

2) The largest overpayment balances occurred during the pre-election period when GOA was making most of its contributions to Federal candidates.

3) A comparison of end-of-month overpayment balances with the corresponding cash/on/hand figures for GOA showed a consistent pattern of net overpayment exceeding GOA's cash-on-hand, after 4/30/76.

We recommended, based on consultation with the Office of General Counsel, that the GOC Federal Support fund register with the FEC and file reports for all periods from inception to date. The basis of our recommendation was the finding that the record of overpayments from GOC to GOA constituted an expenditure in excess of $1,000 which influenced the Federal election process, and as such, required the registration and filing of reports by GOC's Federal Support Fund.

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B. Section 441 b (a) of the Federal Election Campaign Act, as amended, prohibits any political committees from knowingly accepting any corporate or union contributions made in connection with any Federal election.

OR #625 responded to a request from GOA (AOR 1976-24) concerning the propriety of requesting contributions for its connected lobbying committee, the Legislative Action Fund (LAF) within the same solicitation for donations to its regular GOA fund. Counsel concluded that such a practice was not prohibited under the Act, provided:

1) the entire cost of the joint mailing is borne by the political fund.

2) that the contributor expressly designate his desire, via a reply card, etc., to contribute to either the political contribution fund (GOA) or the legislative activities fund (LAF).

This AOR did not address the issue of allocating administrative expenses between GOA and LAF. However, subsequent to the issuance of OR #625 there was additional correspondence between GOA and the Commission concerning this matter. In the GOA letter 12/3/76, reference is made to a 9/10/76 meeting at which, in addition to other items, agreement was supposedly reached on procedures for sharing costs between GOA and LAF on the joint fund solicitations. The Office of General Counsel responded on 12/30/76 stating that the procedures were in compliance with the reporting provisions of the Act; however, the response did not specifically address the method of allocation of administrative expenses.

As was the case with GOC, a similar allocation/reimbursement system was established between GOA and LAF after the latter was set-up in June of 1976. Overhead expense allocations to LAF were set at 15% based on LAF's expected share of total contributions received between the three committee's approximating that percentage. However, LAF's actual share of total contributions received for the audit period during which LAF was in existence (6/1-12/31/76) was actually 5.16%. Using this percentage as a basis for computing LAF's share of overhead expenses, and comparing the total with actual payments made from LAF to GOA ($38,531.53) resulted in an over-payment by LAF, according to our calculations, of $21,940.02. (See Chart II)

Based on the above facts, we find that:

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1) GOA apparently accepted, as payment for administrative expenses, what were actually corporate contributions indirectly routed to them through LAF, which was set up originally for the express purpose of receiving corporate contributions. The Committee's position is that this method of allocation was used in accordance with the agreement reached in the meeting of September 10, 1976 with Commission staff.

2) Not withstanding the above, funds were transferred over and above what should have been based on proportional shares of total contributions received.

No recommendation was offered to the Committee on this matter due to the necessity of the Office of General Counsel considering the issue and rendering an appropriate determination.

C. Section 434(b) of the Federal Election Campaign Act, as amended, requires the Treasurer of a political committee supporting election to Federal office to file reports containing certain information regarding receipts, expenditures, and cash-on-hand for the period.

During the course of our audit it was discovered that there were significant and numerous errors in the reports filed with the Commission since the Committee's inception in September of 1975. As of the 1/31/77 Report, receipts had been overstated by $101,101.75, expenditures over-stated by $627.16, and ending cash overstated by $100,474.59. In addition, numberous errors were found in the reporting of receipts and expenditures to the extent that every report filed by the Committee should be amended.

The Audit staff recommended that GOA amend all of its reports, including the necessary schedules A and B and periodic and end summary sheets. In addition, we stressed that these be filed prior to our completion of any additional work.

D. During the course of our audit, additional record-keeping and reporting problems of the Act were uncovered but, because of their relatively minor nature, they are not included here but will be included in the final audit report on Gun Owners of America.

E. Present Status of the Committee

According to recent discussions with GOA's Treasurer, they are at the present time, in the process of amending all

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GOA reports filed with the FEC in accordance with our findings and suggestions reported herein. The registration statement and reports for Gun Owners of California are being prepared and will be filed with the Commission upon completion.

The Audit staff was unable to complete the audit due to the aforementioned numerous errors found in the reports filed with the Commission to date, and because of certain problems with GOA's computerized contributor record system which made our receipt examination impossible to complete until those problems are corrected. The staff plans to resume the audit upon receipt of amendments.

IV. Recommendation

Finding A: It is the recommendation of the Audit Division that this be made a Matter Under Review to initiate a formal Commission determination that the GOC Federal Support fund has failed to file reports under the Act.

Finding B: The Staff also recommends that this be made a Matter Under Review to initiate a formal determination by the Commission that GOA has violated the Act by 1) accepting reimbursement for services from LAF whose funds are made up of contributions prohibited under the Act, and/or 2) by accepting reimbursement in excess of the allocable portion of the expense attributable to the services performed for LAF.

Finding C: The Staff recommends that this be made a Matter Under Review to also initiate a formal determination by the Commission that GOA be required to amend their reports to properly reflect the activity of the Committee as required by the Act.

Although each of the above items is separate and distinct, it is the opinion of the staff that they be handled together in light of the compounding significance when viewed as a whole.

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CHART I

Gun Owners of America Campaign Committee

Summary of Receipts from GOC and
Allocation of Expenses to GOC Based on 39.3% Actual Share of Contributions Received

Period	Allocatable Admin. Exp. Based on 39.3%	Transfers In From GOC	Balance Overpayment (Underpayment)	GOA Cash-on-Hand at End Of Period Per Comte. Records
11/1-11/30/75	--	7,000.00	7,000.00	
12/1-12/31/75	15,139.73	15,139.73	7,000.00	19,682.27
1/1/-3/31/76	38,527.08	38,315.19	6,788.11	32,843.76
4/1-4/30/76*	26,183.90	35,315.19	15,604.21	22,049.66
5/1-5/31/76	24,395.88	50,000.00	41,208.33	33,150.72
6/1-6/30/76	21,706.29	88,508.20	108,010.24	76,887.39
7/1-7/31/76	15,521.75	46,000.00	138,128.98	36,318.31
8/1-8/31/76	23,069.67	-0-	115,418.82	57,431.80
9/1-9/30/76	16,309.77	5,000.00	104,109.05	57,839.64
10/1-10/18/76	10,811.14	38,060.00	131,357.91	66,808.67
10/19-12/31/76	38,946.94	-0-	92,410.97	61,220.47
Totals	230,612.15	323,023.12		
Less: Payment of GOC Postage by GOA			(43,706.00)	
Net Over-Payment			48,704.97	

* (20,543.41 (Allocated Expenditures) + 6,000.00 (Loan Repayment)

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CHART II

Gun Owners of America Campaign Committee

Summary of Receipts from LAF and Allocation of Expenses to LAF
Based on 5.16% Actual Share of Contributions Received

Period	Allocatable Admin. Exp. Based on 5.16%	Transfers In From LAF	Balance Overpayment (Underpayment)	GOA Cash-on-Hand at End Of Period Per Comte. Records
6/1-6/30/76	2,849.99	-0-	(2,849.99)	76,887.39
7/1-7/31	2,037.97	-0-	(4,887.96)	36,318.31
8/1-8/31/76	3,028.99	20,133.50	12,216.55	57,431.80
9/1-9/30	2,141.44	-0-	10,075.11	57,839.64
10/1-12/31/76	6,533.12	18,398.03	21,940.02	61,220.47
Totals	16,591.51	38,531.53		

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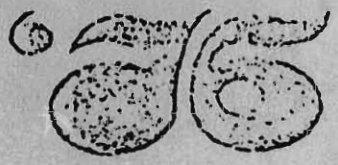
CHART III-

951 ARDEN WAY • SACRAMENTO CALIFORNIA 95815

GUN OWNERS OF AMERICA CAMPAIGN COMMITTEE



December 3, 1976

Mr. Ben Van Degrift
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: Gun Owners of America, # C00030999

Dear Mr. Van Degrift:

The purpose of this letter is to confirm the agreement we reached on 10 September, 1976, regarding plans for distribution of costs associated with Gun Owners of America Legislative Action Fund. The meeting you and I had with Mr. Al Kema and Bruce Forister was most beneficial in the subsequent development and implimentation of the program outlined below.

1. As you recommended all fund-raising letters mailed by Gun Owners of America include specific information and instructions applicable to solicitations and contributions to the Legislative Action Fund. The required data appears in the letter and contributor form, Ref. Enclosure 1 & 2.

2. To help solve problems in identifying personal money contributions drawn from "Special" checking accounts, "Funds" and other type accounts that could be on businesses or associations, a signature line, indicating that the contribution is purely personal has been placed on the contribution form, Ref. Enclosure 2. As we agreed, if the contributor does not sign the form and a question exists, action will be initiated to: (a) establish acceptability as a contribution to the Campaign Committee; (b) direct the contribution to the Legislative Action Fund; or (c) return the contribution to the sender. Pending resolution of the inquiry the contribution will be deposited in a special segregated, holding account. Upon varification of acceptability the money will be transferred to the Campaign Committee account or the Legislative Action Fund account as appropriate.

(12)

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Contributions not acceptable by the Campaign Committee will be transferred from the Holding account to the Legislative Action Fund or returned to the contributor as directed.

3. Costs incurred by the Campaign Committee associated with fund-raising for the Legislative Action Fund will be reimbursed after final accounting of each mailing (a period not more than 90 days after mailing or a point where daily returns have substantially stopped). Distribution of costs will be equal to the percent of total contributions from the mailing directed to the Legislative Action Fund.

Should there be additional information desired regarding this program please advise.

I wish to express my sincere appreciation for the absolutely outstanding cooperation and assistance that you and the other employees in all Departments of the Federal Election Commission have extended to me this last year.

Yours truly,

WILLIS E. LANEY, JR.

WELjr:pal
cc; Chip Neilson

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CHART IV

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

December 30, 1976

Laf - costs allocation

Willis E. Laney, Jr.
Gun Owners of America
951 Arden Way
Sacramento, California

Dear Mr. Laney:

This is in response to your letter to me dated December 3, 1976. Both Jil Keema and I have reviewed your proposals and find them to be in compliance with the reporting provisions of the Federal Election Campaign Act of 1971, as amended.

We do, however, suggest one addition. Your contributor reply form should include a space and instructions for disclosing "occupation and principal place of business." Such an addition would facilitate your reporting under the Act. It is not, of course, a requirement imposed by statute.

Thank you for your cooperation in this matter.

Sincerely yours,

[illegible] M. [illegible]
Special Counsel

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ATTACHMENT B

6 AUG 1976

Re: AOR 1976-43

Vigo G. Nielsen, Jr., Esquire
Dobbs, Doyle & Nielsen
Suite 2500, The Alcoa Building
One Maritime Plaza
San Francisco, California 94111

Dear Mr. Nielsen:

This letter responds further to your request of June 4, 1976, for an opinion concerning the reporting requirements for payments by Gun Owners of California, a non-Federal committee, to Gun Owners of America, a Federal committee, for use of the Federal committee's facilities and staff.

Under 2 U.S.C. §437f of the 1976 Amendments to the Federal Election Campaign Act of 1971, the Commission is required to initially propose rules of general applicability by regulation rather than by advisory opinion. The Commission has recently given final approval to proposed regulations which have been transmitted to Congress pursuant to 2 U.S.C. §438(c). Copies of pertinent sections of those regulations are enclosed.

Sections 104.2(b)(10) and (b)(11) of the proposed regulations appear to be directly relevant to your question. Gun Owners of America, the Federal committee, should report in a timely fashion its disbursements for administrative purposes (including personnel and overhead) as "expenditures" pursuant to subsection (b)(10) whether or not those disbursements are for support services provided on a reimburseable basis to Gun Owners of California.

In addition, Gun Owners of America should report as an obligation owed to it by Gun Owners of California any amount determined to be the non-Federal committee's allocated administrative expenses if that amount exceeds $500 or if $500 or less has been outstanding for over sixty days from the date incurred. See §104.8 of the proposed regulations.

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Upon reimbursement, Gun Owners of America should report the receipt as a payment for administrative support services rendered to Gun Owners of California. If any payment of this type relates to retirement of a reportable outstanding debt owed by Gun Owners of California to Gun Owners of America, then the reduction or retirement of that debt is also required to be reported.

The Commission notes its general audit and investigative authority with respect to payments made by Gun Owners of California in consideration of services and facilities provided by Gun Owners of America, and emphasizes that such payments not be in excess of any amounts that Gun Owners of California would be required to pay if it obtained similar services from another source. The obvious concern of the Commission in this respect is that the payments made by Gun Owners of California are not a device to provide additional funds to Gun Owners of America circumventing the contribution limits of 2 U.S.C. §441a.

In order to assure that corporate, labor organization, or other funds prohibited by Federal law are not being indirectly routed to the Federal committee by the described arrangement, Gun Owners of California must continue its stated procedure of making payment from funds held in a separate account that does not contain corporate or other donations that could not be lawfully made under Federal law.

This response relates to your opinion request but may be regarded as informational only and not as an advisory opinion since it is based in part on proposed regulations of the Commission which must be submitted to Congress. The proposed regulations may be prescribed in final form by the Commission only if not disapproved either by the House or the Senate within thirty legislative days from the date received by them. 2 U.S.C. §438(c). The proposed regulations were submitted to Congress on August 3, 1976. It is the Commission's view that no enforcement or compliance action should be initiated in this matter if the actions of the political committee conform to the conclusions and views stated in this letter.

Sincerely yours,

Vernon W. Thomson
Chairman for the
Federal Election Commission

Enclosure

DSkover/BVandegrift/NBLitchfield:scc 8/4/76 (O/R #633)

cc: NBLitchfield, JGMurphy, DSkover, BVandegrift BMV

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

Mr. John Hodgson, Treasurer
Gun Owners of America Campaign Committee '76
951 Arden Way
Sacramento, California 95815

Re: MUR 413 (77)

Dear Mr. Hodgson:

This letter is to notify you that the Federal Election Commission, in the course of carrying out its supervisory responsibilities, has received information which suggests certain violations of the Federal Election Campaign Act of 1971, as amended (the Act). We have numbered this matter MUR 413 (77). The Commission has reason to believe that the matters alleged herein state a violation of 2 U.S.C. §§441b(a) and 434(b).

Section 441b(a) of the Federal Election Campaign Act of 1971, as amended states that

> It is unlawful for any . . . corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office . . . or for any . . . political committee or other person knowingly to accept or receive any contribution prohibited by this section.

The results of an audit conducted by Commission staff has determined that Gun Owners of America accepted payments for shared overhead expenses from the Legislative Action Fund, the treasury of which included corporate monies. The Commission's position as to the legality of reimbursements from one committee (not subject to FECA contribution restrictions) to another committee (which is subject to FECA restrictions) was clearly set forth in AOR 1976-43.

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> In order to assure that corporate, labor organization or other funds prohibited by Federal law are not being indirectly routed to the Federal committee . . . (payments must be made) from funds held in a separate account that does not contain corporate or other donations that could not be lawfully made under Federal law.

Since the Commission's response to the opinion request was directed to you and concerned a similar matter, it appears that Gun Owners of America, in accepting funds which included corporate monies, has violated §441b(a).

Section 434(b) of the Federal Election Campaign Act requires that political committees file reports with the Commission which disclose

- the amount of cash on hand at the beginning of the reporting period (§434(b)(1));
- the total sum of all receipts by or for such committee or candidate during the reporting period (§434(b)(8));
- the total sum of expenditures made by such committee during the calendar year (§434(b)(11)).

According to Federal Election Commission Audit Staff, as of your January 31, 1977 Report filed with the Commission, receipts had been overstated by $101,101.75, expenditures overstated by $627.16, and ending cash overstated by $100,474.59. The audit staff discovered that numerous errors were found in the reporting of receipts and expenditures. In addition, it appears that LAF and GOC, in compensation for overhead expenses shared with GOA, have made payments in excess of costs. Gun Owners of America, therefore, has received political contributions (§431(e)(3)) and, necessarily, must report these contributions as received (§434).

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. 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.

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The Commission is under a duty to investigate this matter expeditiously; therefore, your response should be submitted within ten days after receipt of this notification. If you have any questions, please contact Kathryn Kavanagh (telephone No. 202/523-4073), the staff member assigned to this case.

This matter will remain confidential in accordance with 2 U.S.C. §437a(a)(3) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely yours,

William C. Oldaker
General Counsel

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Treasurer
Legislative Action Fund
951 Arden Way
Sacramento, California 95815

Re: MUR 413 (77)

Dear Sir:

This letter is to notify you that the Federal Election Commission, in the course of carrying out its supervisory responsibilities, has received information which suggests that certain violations of the Federal Election Campaign Act of 1971, as amended (the Act), have occurred. We have numbered this matter MUR 413 (77). The Commission has determined that there is reason to believe that the matters alleged herein state a violation of 2 U.S.C. §§433, 434, and 441b(a).

Section 433 of the Federal Election Campaign Act of 1971, as amended, states that political committees receiving contributions or making expenditures in excess of $1,000 during the calendar year are required to file a statement of organization with the Commission. Section 434 requires each treasurer of a political committee which supports candidates for election to Federal office to file with the Commission reports of receipts and expenditures.

Commission staff auditors have learned that in making payments for shared overhead expenses, Legislative Action Fund (LAF) transferred $38,531.53 during the period January 1, 1976 through December 31, 1976. Legislative Action Fund's share of expenses was 5.16% of total overhead costs for the two committees (based on LAF's share of total contributions received). The actual amount paid, according to the proportional allocation formula, should have been $16,591.51. Therefore, it appears that Legislation Action Fund has made an overpayment to Gun Owners of $21,940.02.

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Since the excess sum was transferred by Legislative Action Fund to a committee supporting candidates for election to Federal office, the $21,940.02 in excess payments can be construed to be in support of Federal candidates. Therefore, having made an expenditure in excess of $1,000 and in support of Federal candidates, the Legislative Action Fund became subject to the requirements of §§433 and 434 of the Act.

Further, §441b(a) of the Federal Election Campaign Act of 1971, as amended, states that

> It is unlawful for any . . . corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office . . . or for any political committee or other person knowingly to accept or receive any contribution prohibited by this section.

From the time that LAF made expenditures on behalf of candidates for Federal office, that is from the date that the excessive payments to GOA passed the $1,000 threshold, the committee (LAF) was proscribed from receiving corporate or union contributions. Knowing acceptance of such contributions would constitute a violation under 2 U.S.C. §441b(a).

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. 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.

The Commission is under a duty to investigate this matter expeditiously; therefore, your response should be submitted within ten days after receipt of this notification. If you have any questions, please contact Kathryn Kavanagh (telephone No. 202/523-4073), the staff member assigned to this case.

This matter will remain confidential in accordance with 2 U.S.C. §437a(a)(3) unless you notify the Commission in writing that you wish the investigation to be made public.

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If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely yours,

William C. Oldaker
General Counsel

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Treasurer
Gun Owners of California
951 Arden Way
Sacramento, California 95815

Re: MUR 413 (77)

Dear Sir:

This letter is to notify you that the Federal Election Commission, in the course of carrying out its supervisory responsibilities, has received information which suggests certain violations of the Federal Election Campaign Act of 1971, as amended (the Act). We have numbered this matter MUR 413 (77). The Commission has reason to believe that the matters alleged herein state a violation of 2 U.S.C. §§433 and 434.

Section 433 of the Federal Election Campaign Act of 1971, as amended, states that political committees receiving contributions or making expenditures in excess of $1,000 during the calendar year are required to file a statement of organization with the Commission. Section 434 requires each treasurer of a political committee which supports candidates for election to Federal office to file with the Commission reports of receipts and expenditures.

Commission staff auditors have learned that in making payments for shared overhead expenses, Gun Owners of California transferred $323,023.12 during the period January 1, 1976 through December 31, 1976. GOC's share of expenses was 39.3% of total overhead costs for the two committees (based on GOC's share of total contributions received). The actual amount paid, according to the proportional allocation formula, should have been $230,612.15. Therefore, it appears that there has been an overpayment by Gun Owners of California to Gun Owners of America of $48,704.97, after an adjustment of $43,706 which represented fees for direct mail postage incorrectly

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allocated to GOA (and paid by GOA) when the fees should have been billed to GOC.

Since the excess sum was transferred by Gun Owners of California to a committee supporting candidates for election to Federal office, the $48,704.97 in excess payments can be construed to be in support of Federal candidates. Therefore, the Gun Owners of California is qualified as a political committee supporting candidates for Federal office and is subject to the requirements of §§433 and 434.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. 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.

The Commission is under a duty to investigate this matter expeditiously; therefore, your response should be submitted within ten days after receipt of this notification. If you have any questions, please contact Kathryn Kavanagh (telephone No. 202/523-4073), the staff member assigned to this case.

This matter will remain confidential in accordance with 2 U.S.C. §437a(a)(3) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Rec'd 8 Jun W.S.

June 8, 1977

MEMORANDUM

TO: Dan Swillinger

THROUGH: BOB COSTA RJC

FROM: TOM HASELHORST/CRAIG RUSSELLER

SUBJECT: GUN OWNERS OF AMERICA CAMPAIGN COMMITTEE

I. Background

A recent audit of the Gun Owners of America Campaign Committee (GOA) commenced on April 11, 1976, pursuant to the Commission's approval of a recommendation of audit for cause generated by the Disclosure Division.

GOA originally registered with the Commission on September 4, 1975, under the name of "Target '76", which was changed to Gun Owners of America Campaign Committee '76 in January, 1976.1/ GOA's major function is to solicit contributions in the 49 states outside of California, mainly utilizing direct mail techniques, for the purpose of influencing and encouraging Pro-Gun legislation and the election of legislators at the Federal level. GOA was formed primarily because of the success of its sister committee, Gun Owners of California (GOC), which was organized prior to GOA for basically the same purpose. However, GOC restricts its operations to soliciting contributions from within the State of California only and influencing legislation and elections on the state level. GOC's considerable success in raising

1/ At the time of the audit, the principal officers of the Committee were Mr. Tim Macy, Executive Director, and Mr. John Hodgson, Treasurer.

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money during the first few months of operation encouraged its organizers to expand the concept to include the other 49 states and operate at the Federal level, thus forming GOA to accomplish this. GOC's financial structure includes two segregated bank accounts: 1) the Federal Support fund, containing only individuals' contributions, from which transfers to GOA were made (Refer AOR 1976-43, discussed below), and 2) an administrative account which contained corporate and other federally prohibited contributions which are permissable under California law.

Another GOA-affiliated organization is the Legislative Action Fund (LAF) which was organized only to perform lobbying activities at the Federal level. LAF came into being because during the first several months of 1976 GOA found itself having to return corporate contributions which under the FECA could not be accepted. In June, 1976, rather than continue returning these contributions, the GOA organizers formed LAF and registered it as a Federal lobbying organization.

II. Findings

A. Section 433(a) of the Federal Election Campaign Act, as amended, requires each political committee receiving contributions or making expenditures exceeding $1,000 in any calendar year for the purpose of influencing Federal elections to register with the Commission.

OR #633 deals with a GOA request (AOR 1976-43) for permission to share administrative expenses with its state committee (GOC) and receive reimbursement from GOC for its portion of certain overhead expenses, based on the formula:

$$\text{Reimbursement} = \frac{\text{GOC Receipts for period}}{\text{Total Receipts for period of GOA and GOC}} \times (\text{Total Overhead})$$

The Commission approved the procedure providing:

1) Such payments from GOC not be in excess of what they normally would have to pay for such services. (The Commission's concern being that such payments not be a device for providing additonal funds to GOA, circumventing the contribution limits of 2 U.S.C. 441a).

2) Payments from GOC be made from a segregated account that does not contain corporate or other Federally-prohibited contributions.

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Based on OR #633, GOA established procedures for paying all overhead expenses directly, then allocating 40% of total expenses each month to GOC, which was then supposed to reimburse GOA for this amount from the Federal Support fund. The 40% figure was based on GOC's anticipated share of total contributions received by the two committees in accordance with the above formula. Based on a review of the schedule of total contributions received, broken down by committee, GOC's actual share of contributions for the period January 1, 1976, through December 31, 1976 was 39.3% of the total. An examination of the Committee's records disclosed as of 12/31/76, GOC's 39.3% share of allocated over-head expenses for the period ending that date should have totalled $230,612.15. However, by that date, the payments made by GOC to GOA totalled $323,023.12. No actual expense allocations to GOC were made on the Committee's records after the 2nd Quarter of 1976, but payments from GOC to GOA continued throughout the rest of the year with no discernable pattern. (See Attachment I)

The above facts indicate that:

1) There was an overpayment from GOC to GOA in the amount of $48,704.97, after an adjustment of $43,706 which represented fees for direct mail postage incorrectly allocated to GOA (and paid by GOA) when the fees should have been "billed" to GOC.

2) The largest overpayment balances occurred during the pre-election period when GOA was making most of its contributions to Federal candidates.

3) A comparison of end-of-month overpayment balances with the corresponding cash/on/hand figures for GOA showed a consistent pattern of net overpayment exceeding GOA's cash-on-hand, after 4/30/76.

We recommended, based on consultation with the Office of General Counsel, that the GOC Federal Support fund register with the FEC and file reports for all periods from inception to date. The basis of our recommendation was the finding that the record of overpayments from GOC to GOA constituted an expenditure in excess of $1,000 which influenced the Federal election process, and as such, required the registration and filing of reports by GOC's Federal Support Fund.

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B. Section 441 b (a) of the Federal Election Campaign Act, as amended, prohibits any political committees from knowingly accepting any corporate or union contributions made in connection with any Federal election.

OR #625 responded to a request from GOA (AOR 1976-24) concerning the propriety of requesting contributions for its connected lobbying committee, the Legislative Action Fund (LAF) within the same solicitation for donations to its regular GOA fund. Counsel concluded that such a practice was not prohibited under the Act, provided:

1) the entire cost of the joint mailing is borne by the political fund.

2) that the contributor expressly designate his desire, via a reply card, etc., to contribute to either the political contribution fund (GOA) or the legislative activities fund (LAF).

This AOR did not address the issue of allocating administrative expenses between GOA and LAF. However, subsequent to the issuance of OR #625 there was additional correspondence between GOA and the Commission concerning this matter. In the GOA letter 12/3/76, reference is made to a 9/10/76 meeting at which, in addition to other items, agreement was supposedly reached on procedures for sharing costs between GOA and LAF on the joint fund solicitations. The Office of General Counsel responded on 12/30/76 stating that the procedures were in compliance with the reporting provisions of the Act; however, the response did not specifically address the method of allocation of administrative expenses.

As was the case with GOC, a similar allocation/reimbursement system was established between GOA and LAF after the latter was set-up in June of 1976. Overhead expense allocations to LAF were set at 15% based on LAF's expected share of total contributions received between the three committee's approximating that percentage. However, LAF's actual share of total contributions received for the audit period during which LAF was in existence (6/1-12/31/76) was actually 5.16%. Using this percentage as a basis for computing LAF's share of overhead expenses, and comparing the total with actual payments made from LAF to GOA ($38,531.53) resulted in an over-payment by LAF, according to our calculations, of $21,940.02. (See Attachment II)

Based on the above facts, we find that:

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1) GOA apparently accepted, as payment for administrative expenses, what were actually corporate contributions indirectly routed to them through LAF, which was set up originally for the express purpose of receiving corporate contributions. The Committee's position is that this method of allocation was used in accordance with the agreement reached in the meeting of September 10, 1976 with Commission staff.

2) Not withstanding the above, funds were transferred over and above what should have been based on proportional shares of total contributions received.

No recommendation was offered to the Committee on this matter due to the necessity of the Office of General Counsel considering the issue and rendering an appropriate determination.

C. Section 434(b) of the Federal Election Campaign Act, as amended, requires the Treasurer of a political committee supporting election to Federal office to file reports containing certain information regarding receipts, expenditures, and cash-on-hand for the period.

During the course of our audit it was discovered that there were significant and numerous errors in the reports filed with the Commission since the Committee's inception in September of 1975. As of the 1/31/77 Report, receipts had been overstated by $101,101.75, expenditures over-stated by $627.16, and ending cash overstated by $100,474.59. In addition, numberous errors were found in the reporting of receipts and expenditures to the extent that every report filed by the Committee should be amended.

The Audit staff recommended that GOA amend all of its reports, including the necessary schedules A and B and periodic and end summary sheets. In addition, we stressed that these be filed prior to our completion of any additional work.

D. During the course of our audit, additional record-keeping and reporting problems of the Act were uncovered but, because of their relatively minor nature, they are not included here but will be included in the final audit report on Gun Owners of America.

E. Present Status of the Committee

According to recent discussions with GOA's Treasurer, they are at the present time, in the process of amending all

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GOA reports filed with the FEC in accordance with our findings and suggestions reported herein. The registration statement and reports for Gun Owners of California are being prepared and will be filed with the Commission upon completion.

The Audit staff was unable to complete the audit due to the aforementioned numerous errors found in the reports filed with the Commission to date, and because of certain problems with GOA's computerized contributor record system which made our receipt examination impossible to complete until those problems are corrected. The staff plans to resume the audit upon receipt of amendments.

IV. Recommendation

Finding A: It is the recommendation of the Audit Division that this be made a Matter Under Review to initiate a formal Commission determination that the GOC Federal Support fund has failed to file reports under the Act.

Finding B: The Staff also recommends that this be made a Matter Under Review to initiate a formal determination by the Commission that GOA has violated the Act by 1) accepting reimbursement for services from LAF whose funds are made up of contributions prohibited under the Act, and/or 2) by accepting reimbursement in excess of the allocable portion of the expense attributable to the services performed for LAF.

Finding C: The Staff recommends that this be made a Matter Under Review to also initiate a formal determination by the Commission that GOA be required to amend their reports to properly reflect the activity of the Committee as required by the Act.

Although each of the above items is separate and distinct, it is the opinion of the staff that they be handled together in light of the compounding significance when viewed as a whole.

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Gun Owners of America Campaign Committee

ATTACHMENT I

Summary of Receipts from GOC and
Allocation of Expenses to GOC Based on 39.3% Actual Share of Contributions Received

Period	Allocatable Admin. Exp. Based on 39.3%	Transfers In From GOC	Balance Overpayment (Underpayment)	GOA Cash-on-Hand at End Of Period Per Comte. Records
11/1-11/30/75	--	7,000.00	7,000.00	
12/1-12/31/75	15,139.73	15,139.73	7,000.00	19,682.27
1/1/-3/31/76	38,527.08	38,315.19	6,788.11	32,843.76
4/1-4/30/76*	26,183.90	35,315.19	15,604.21	22,049.66
5/1-5/31/76	24,395.88	50,000.00	41,208.33	33,150.72
6/1-6/30/76	21,706.29	88,508.20	108,010.24	76,887.39
7/1-7/31/76	15,521.75	46,000.00	138,128.98	36,318.31
8/1-8/31/76	23,069.67	-0-	115,418.82	57,431.80
9/1-9/30/76	16,309.77	5,000.00	104,109.05	57,839.64
10/1-10/18/76	10,811.14	38,060.00	131,357.91	66,808.67
10/19-12/31/76	38,946.94	-0-	92,410.97	61,220.47
Totals	230,612.15	323,023.12		
Less: Payment of GOC Postage by GOA			(43,706.00)	
Net Over-Payment			48,704.97	

* (20,543.41 (Allocated Expenditures) + 6,000.00 (Loan Repayment)

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Gun Owners of America Campaign Committee

ATTACHMENT II

Summary of Receipts from LAF and Allocation of Expenses to LAF
Based on 5.16% Actual Share of Contributions Received

Period	Allocatable Admin. Exp. Based on 5.16%	Transfers In From LAF	Balance Overpayment (Underpayment)	GOA Cash-on-Hand at End Of Period Per Comte. Records
6/1-6/30/76	2,849.99	-0-	(2,849.99)	76,887.39
7/1-7/31	2,037.97	-0-	(4,887.96)	36,318.31
8/1-8/31	3,028.99	20,133.50	12,216.55	57,431.80
9/1-9/30	2,141.44	-0-	10,075.11	57,839.64
10/1-12/31/76	6,533.12	18,398.03	21,940.02	61,220.47
Totals	16,591.51	38,531.53		

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ATTACHMENT III

951 ARDEN WAY • SACRAMENTO CALIFORNIA 95815

GUN OWNERS OF AMERICA
CAMPAIGN COMMITTEE

CONGRESSIONAL ADVISORY BOARD
NATIONAL ADVISORY BOARD

December 3, 1976

Mr. Ben Van Degrift
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: Gun Owners of America, # C00030999

Dear Mr. Van Degrift:

The purpose of this letter is to confirm the agreement we reached on 10 September, 1976, regarding plans for distribution of costs associated with Gun Owners of America Legislative Action Fund. The meeting you and I had with Mr. Al Kema and Bruce Forister was most beneficial in the subsequent development and implimentation of the program outlined below.

1. As you recommended all fund-raising letters mailed by Gun Owners of America include specific information and instructions applicable to solicitations and contributions to the Legislative Action Fund. The required data appears in the letter and contributor form, Ref. Enclosure 1 & 2.

2. To help solve problems in identifying personal money contributions drawn from "Special" checking accounts, "Funds" and other type accounts that could be on businesses or associations, a signature line, indicating that the contribution is purely personal has been placed on the contribution form, Ref. Enclosure 2. As we agreed, if the contributor does not sign the form and a question exists, action will be initiated to: (a) establish acceptability as a contribution to the Campaign Committee; (b) direct the contribution to the Legislative Action Fund; or (c) return the contribution to the sender. Pending resolution of the inquiry the contribution will be deposited in a special segregated, holding account. Upon varification of acceptability the money will be transferred to the Campaign Committee account or the Legislative Action Fund account as appropriate.

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Contributions not acceptable by the Campaign Committee will be transferred from the Holding account to the Legislative Action Fund or returned to the contributor as directed.

3. Costs incurred by the Campaign Committee associated with fund-raising for the Legislative Action Fund will be reimbursed after final accounting of each mailing (a period not more than 90 days after mailing or a point where daily returns have substantially stopped). Distribution of costs will be equal to the percent of total contributions from the mailing directed to the Legislative Action Fund.

Should there be additional information desired regarding this program please advise.

I wish to express my sincere appreciation for the absolutely outstanding cooperation and assistance that you and the other employees in all Departments of the Federal Election Commission have extended to me this last year.

Yours truly,

WILLIS E. LANEY, JR.

WELjr:pal
cc; Chip Neilson

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ATTACHMENT IV

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

December 30, 1976

Laf - costs allocation

Willis E. Laney, Jr.
Gun Owners of America
951 Arden Way
Sacremento, California

Dear Mr. Laney:

This is in response to your letter to me dated December 3, 1976. Both Jul Keema and I have reviewed your proposals and find them to be in compliance with the reporting provisions of the Federal Election Campaign Act of 1971, as amended.

We do, however, suggest one addition. Your contributor reply form should include a space and instructions for disclosing "occupation and principal place of business." Such an addition would facilitate your reporting under the Act. It is not, of course, a requirement imposed by statute.

Thank you for your cooperation in this matter.

Sincerely yours,

[illegible] M. [illegible]
Special Counsel

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WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 413

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