FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4244

DATE FILMED 9-27-96 CAMERA NO. _____

CAMERAMAN S.E.G

9604374405 5

[redacted]

HBC
HOLDINGS INC.

John Huddy
Chairman of the Board

August 11, 1995

TRANSMITTED VIA FEDERAL EXPRESS

MUR 4244

Office of General Counsel
Federal Elections Commission
999 E Street N.W.
Washington, D.C. 20463

I am the owner and chief executive officer of HBC Holdings, Inc., the sole stockholder of the Riklis Broadcasting, Corp., a California corporation. Riklis Broadcasting is the licensee of KADY-TV, a full-power television station serving communities in Southern California and the Central Coast. Riklis Broadcasting also holds microwave licenses in Ventura, Santa Barbara and San Luis Obispo counties. HBC is the owner of the Ventura County News Network, the region's television news organization, and two additional television stations in Lompoc and San Luis Obispo, California.

The letter is to request that the Office of the General Counsel of the Federal Election Commission investigate the misconduct of California Representative Elton Gallegly, 23rd District, during and after the 1994 Congressional elections.

We believe Representative Gallegly abused his office, improperly solicited campaign funds, attempted to use our company as an illicit vehicle to gain an unfair advantage over his opponent, sought to arrange kickbacks from the station, and attempted to use the station as a depository for campaign funds.

The specific allegations are:

(1) Representative Gallegly manipulated and exploited, and attempted to manipulate and exploit, the commercial air time, operations and facilities of KADY-TV and its affiliates with the intention of gaining an unfair advantage over his opponent, and intimidating future opponents.

(2) Representative Gallegly, through the abuse of his office, the making of threats and other intimidation, attempted to gain control over the operations of a major news organization, the Ventura County News Network, and KADY-TV itself, thereby gaining an unfair advantage over his opponent and corrupting the fair election process. By "gaining control" it is meant Representative Gallegly attempted to operate with impunity outside established and published political advertising policies made known to Representative Gallegly and other candidates before and during the 1994 campaign.

95043744056

(3) Representative Gallegly solicited KADY-TV to assist the congressman in covertly "banking" or "parking" campaign funds in an effort to covertly move funds from the 1994 campaign to a future campaign.

(4) Representative Gallegly solicited KADY-TV for campaign funds in excess of $4,000 by demanding the station contribute air time and production facilities. When rebuffed, Congressman Gallegly threatened to initiate a FCC license revocation proceeding, a clear abuse of office. We believe Representative Gallegly was seeking a "kickback" from the station.

(5) Representative Gallegly demanded KADY-TV waive its published broadcast political advertising policies by permitting Gallegly to ignore station rules governing schedule changes and cancellations. When reminded of these deadlines, the Congressman made further threats against KADY-TV its ownership, license and business operations.

(6) Representative Gallegly, in seeking to gain an unfair advantage over his opponent, sought in excess of $2,000 in free advertising by insisting the station "discount" that amount and disguise the sum as an "advertising agency fee." (Gallegly's words). No such agency existed; the station has refused this demand.

(7) It is my belief Representative Gallegly intended to block his opponent from buying prime news and other air time through machinations that included block bookings, abrupt cancellations and numerous changes outside established deadlines.

Yours truly

John Hudd

Subscribed and sworn to before me on this 11th day of August, 1995.

Gabrielle Price, Notary Public

GABRIELLE PRICE
Comm. #1065126
NOTARY PUBLIC CALIFORNIA
VENTURA COUNTY
Comm. Exp. JUN 16 1998

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

August 18, 1995

John Huddy
663 Maulhardt
Oxnard, CA 93030

RE: MUR 4244

Dear Mr. Huddy:

This letter acknowledges receipt on August 14, 1995, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4244. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure
Procedures

96044374058

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 18, 1995

The Honorable Elton Gallegly
P.O. Box 3789
Simi Valley, CA 93093

RE: MUR 4244

Dear Mr. Gallegly:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4244. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

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

9604374405 9

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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

9604374406 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 18, 1995

Robert O. Huber, Treasurer
Gallegly for Congress
P.O. Box 3789
Simi Valley, CA 93093

RE: MUR 4244

Dear Mr. Huber:

The Federal Election Commission received a complaint which indicates that Gallegly for Congress ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4244. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

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

9604374406 1

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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

9604374440062

PATTON BOGGS, L.L.P.
2550 M STREET, N.W.
WASHINGTON, D.C. 20037-1350
(202) 457-6000
FACSIMILE (202) 457-6315

WRITER'S DIRECT DIAL

(202) 457-6405

September 6, 1995

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

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
SEP 6 3 45 PM '95

RE: MUR 4244 -- Congressman Elton Gallegly

Dear Ms. Tasker:

We are in receipt of your letter transmitting a complaint filed with the Federal Election Commission ("Commission") against Congressman Elton Gallegly. On behalf of Mr. Gallegly, we ask that the Commission not interject itself in pending litigation over a commercial dispute and vote to dismiss this Matter.

As the enclosed pleadings and letters demonstrate, this complaint was filed as part of an ongoing commercial dispute between Mr. Gallegly and the owner of a television station in his district. Indeed, this complaint was filed with the Commission on August 11, 1995, exactly two days after Mr. Gallegly filed an action against the station owner in Ventura County (California) Superior Court.

The dispute concerns the amounts Mr. Gallegly was charged for advertising and production of commercials by this vendor during the course of the 1994 general election. This action appears to have been filed with the Commission to resolve the commercial dispute. As the station owner's attorney suggested in a July 26, 1995 letter (see attached) to Mr. Gallegly's California attorney: "I met with John Huddy [the station owner] yesterday. John is willing to submit the entire matter to the Federal Elections [sic] Commission and abide by whatever ruling it makes based upon the facts as they exist."

Thrusting the FEC into the role of commercial arbitrator appears to be the motive for filing this matter. The Commission's historic practice of refusing to rule on commercial disputes involving candidates should hold true in this case, especially since the relevant issues are now before the California Superior Court in Ventura County.

Furthermore, the letter forwarded by the Commission contains a series of reckless charges. Except for the baseless charge of soliciting excessive contributions, the Huddy letter does not even allege any violations of the Federal Election Campaign Act ("Act") or the Commission's regulations. As for the lone allegation that arguably falls under the Act, Mr. Gallegly rejects as preposterous the complaint's insinuation that he solicited excessive contributions from the station. As his California Superior Court action makes clear, Mr. Gallegly does feel an obligation to his contributors to make sure that a vendor does not take unfair advantage of him or his campaign committee because he is a public official and candidate.

The facts of this dispute will emerge in the California Superior Court for Ventura County. To the extremely limited extent the Huddy letter may contain allegations under the Act and regulations (and Mr. Gallegly does not concede that it does), the Commission should defer to the courts of California and dismiss this matter under review.

Sincerely,

Benjamin L. Ginsberg

BLG/jmt

Enclosure

9504 7440 4

The Law Offices of HUBER & TAKASUGI
An Association of Attorneys
Including a Professional Corporation
1791 Erringer Road, Suite 202
Simi Valley, CA 93065 (805) 583-5400
Bar Numbers: ROBERT O. HUBER: 71278
RUSSELL H. TAKASUGI: 118792

Attorneys for Plaintiff,
GALLEGLY FOR CONGRESS COMMITTEE

VENTURA COUNTY
SUPERIOR AND MUNICIPAL COURTS
FILED
AUG 09 1995
SHEILA GONZALEZ, Superior and Municipal Courts Executive Officer and Clerk
BY: _____ Deputy

FILED
D.C.M. TRACK ASSIGNMENT
☐ UNLAWFUL DETAINER
☐ EXPEDITED
☐ ECONOMIC
☒ STANDARD
☐ UNINSURED MOTORIST
☐ TRACK COORD TO NOTIFY
ASSIGNED COURT
C21

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF VENTURA

GALLEGLY FOR CONGRESS COMMITTEE Plaintiff, vs. JOHN D. HUDDY, KADY TELEVISION, HBC HOLDINGS, INC. and DOES 1 through 20 Defendants.	CASE NO. 157306 COMPLAINT FOR; 1. FRAUD/INTENTIONAL MISREPRESENTATION 2. FRAUD/NEGLIGENT MISREPRESENTATION 3. BREACH OF CONTRACT 4. DECLARATORY RELIEF 5. ACCOUNT STATED

GENERAL ALLEGATIONS

1. Plaintiff is, and at all times herein mentioned was, a Congressional Election Committee, with its principal office located in the City of Simi Valley, County of Ventura, State of California.

2. Plaintiff is informed and believes and thereon alleges that at all times mentioned herein, Defendant, KADY TELEVISION, is a business, form unknown, with its principal place of business located in the City of Oxnard, County of Ventura, State of California.

3. Plaintiff is informed and believes and thereon alleges that at all times mentioned herein, Defendant, HBC HOLDINGS, INC.,

is a corporation duly organized and existing under the laws of the State of California, with its principal place of business located in the County of Ventura, State of California.

4. Plaintiff is informed and believes and hereon alleges that at all times mentioned herein, Defendant, JOHN D. HUDDY, is and at all time herein mentioned, was a resident of the County of Ventura, State of California. Further, Plaintiff is informed and believes and hereon alleges that at all times mentioned herein, Defendant, JOHN D. HUDDY, was Chairman of the Board of HBC Holdings, Inc., which owns and operates KADY Television.

5. Plaintiff is ignorant of the true names and capacities, whether individual, corporate, associate or otherwise of Defendants DOES 1 through 20, inclusive, and therefore sues these Defendants by such fictitious names. Plaintiff will seek leave of Court to amend this Complaint to allege their true names and capacities when ascertained.

6. The obligation which is the subject matter of this lawsuit was incurred and performed in the County of Ventura, State of California.

7. Plaintiff alleges that the within action is not subject to the provisions of Civil Code Section 1812.10; and is not subject to the provisions of Civil Code Section 2984.4.

8. Plaintiff is informed and believes and thereon alleges that at all times herein mentioned, each defendant was the agent, servant and employee of each and all of the remaining Defendants and was at all times acting within the course, purpose and scope of said agency and employment.

FIRST CAUSE OF ACTION

(Fraud/Intentional Misrepresentation—

Against John D. Huddy and Does 1 through 10)

9. Plaintiff repeats and realleges paragraphs 1 through 8 of the General Allegations.

10. On or about October 13, 1994, Defendant, John D. Huddy, contacted and represented to Elton Gallegly that his political opponent was going to buy $20,000.00 to $25,000.00 of air time from Defendant, KADY Television, to attack Elton Gallegly politically. Defendant, John D. Huddy, then suggested and represented that if Plaintiff purchased all available prime air time, prior to the November 8, 1994, U.S. Congressional election, Elton Gallegly's political opponent would have no prime air time available to purchase on KADY Television. Defendant, John D. Huddy, informed Elton Gallegly that the anticipated deposit for this air time would be the sum of $16,082.00.

11. On or about October 14, 1994, Defendant, John D. Huddy, with knowledge of Federal Communication Regulations prohibiting the denial of access to equal air time by political candidates, induced Plaintiff, by and through representations made directly to Elton Gallegly, the principal and candidate for Plaintiff, Gallegly for Congress Committee, to enter into a contract with Defendant, KADY Television, for all available prime air time, prior to the November 8, 1994 elections. Plaintiff, in reasonable and justifiable reliance thereon, entered into said oral contract and paid Defendant, KADY Television the sum of $16,802.00 as a deposit toward the future purchase of commercial air time.

12. The representations made by Defendant, John D. Huddy, were in fact false. The true facts were that Plaintiff was not able to purchase all available prime air time and that all political candidates have the right to have access to air time equal to all other political candidates pursuant to rules promigated by the Federal Communications Commission, which rules were previously known to Defendant, John D. Huddy. Defendant, John D. Huddy, knew that KADY Television could not sell to Plaintiff all available air time to Plaintiff as he had suggested. (See Exhibit A, KADY Memorandum dated August 1, 1994.)

13. The foregoing representations by Defendant, John D. Huddy, were false and were known to be false by Defendant at the time he made said representations and were made solely for the purpose of inducing Plaintiff to contract KADY Television for its advertising purposes, with reckless disregard of the truth or falsity of its representations thereof. Plaintiff is informed and believes and thereon alleges that Defendant, John D. Huddy, made said false representations with intent to defraud Plaintiff and to induce Plaintiff to rely on said representations for the alternate pecuniary benefits of KADY Television.

14. Plaintiff, through Elton Gallegly, reasonably and justifiably relied upon Defendants' representations to its detriment based upon the knowledge, expertise and position of Defendant, John D. Huddy, including but not limited to Defendant, John D. Huddy's status as Chairman of the Board of HBC Holdings, Inc., which owns and operates KADY Television, and, as a result of

///

96043744068

such reasonable and justifiable reliance, has suffered damages and injury for which Plaintiff is entitled to damages.

15. Plaintiff alleges that as a direct and proximate result of the acts and omissions of Defendant, John D. Huddy, as hereinabove alleged, Plaintiff has suffered damages in an amount presently unknown and Plaintiff will seek leave to amend this Complaint when such sum is determined.

16. The foregoing conduct of Defendant, John D. Huddy, was intentional and malicious and performed with the intent to deceive and defraud a pecuniary benefit from Plaintiff, and, therefore constitutes malice, fraud and oppression within the meaning of California Civil Code, Section 3294, and Plaintiff is entitled to exemplary damages in a sum in excess of $25,000.00 to be determined by the trier of fact.

SECOND CAUSE OF ACTION

(Fraud/Negligent Misrepresentation—

Against John D. Huddy and Does 1 through 10)

17. Plaintiff repeats and realleges paragraphs 1 through 8 of the General Allegations.

18. On or about October 13, 1994, Defendant, JOHN D. HUDDY, contacted and represented to ELTON GALLEGLY that his political opponent was going to buy $20,000.00 to $25,000.00 of air time from Defendant, KADY Television, to attack Elton Gallegly politically. Defendant, John D. Huddy, then suggested and represented that if Plaintiff purchased all available prime air time, prior to the November 8, 1994, U.S. Congressional election, Elton Gallegly's political opponent would have no prime air time available to

9604374406 9

purchase on KADY Television. Defendant, John D. Huddy, informed Elton Gallegly that the anticipated deposit for this air time would be the sum of $16,082.00.

19. On or about October 14, 1994, Defendant, John D. Huddy, with knowledge of Federal Communication Regulations prohibiting the denial of access to equal air time by political candidates, induced Plaintiff, by and through representations made directly to Elton Gallegly, the principal and candidate for Plaintiff, Gallegly for Congress Committee, to enter into a contract with Defendant, KADY Television, for all available prime air time, prior to the November 8, 1994 elections. Plaintiff, in reasonable and justifiable reliance thereon, entered into said oral contract and paid Defendant, KADY Television the sum of $16,802.00 as a deposit toward the future purchase of commercial air time.

20. The representations made by Defendant, John D. Huddy, were in fact false. The true facts were that Plaintiff was not able to purchase all available prime air time and that all political candidates have the right to have access to air time equal to all other political candidates pursuant to rules promigated by the Federal Communications Commission, which rules were previously known to Defendant, John D. Huddy. Defendant, John D. Huddy, should have known that KADY Television could not sell to Plaintiff all available prime air time to Plaintiff as he had suggested.

21. The Defendant, John D. Huddy, made the foregoing representations with no reasonable grounds for believing them to be true, in that Plaintiff is informed and believes and thereon

96043744070

alleges that Defendant, John D. Huddy, did not have accurate information, or any information at all, concerning the rules and regulations promigated by the Federal Communications Commission. At the time of making such representations, and at all times thereafter, Defendant, John D. Huddy, concealed from Plaintiff his lack of information and consequential inability to make the alleged representations accurately.

22. Plaintiff is further informed and believes and thereon alleges that Defendant, John D. Huddy, made said representations with the intent to defraud Plaintiff and to induce Plaintiff to enter into the contract.

23. The foregoing representations by Defendant, John D. Huddy, were false and were known to be false by Defendant at the time he made said representations and were made solely for the purposes of inducing Plaintiff to contract KADY Television for its advertising purposes, with reckless disregard of the truth or falsity of its representations thereof. Plaintiff is informed and believes and thereon alleges that Defendant, John D. Huddy, made said false representations with intent to defraud Plaintiff and to induce Plaintiff to rely on said representations for the alternate pecuniary benefits of KADY Television.

24. Plaintiff, through Elton Gallegly, reasonably and justifiably relied upon Defendants' representations to its detriment based upon the knowledge, expertise and position of Defendant, John D. Huddy, including but not limited to Defendant, John D. Huddy's status as Chairman of the Board of HBC Holdings, Inc., which owns and operates KADY Television, and, as a result of

0 6 0 4 3 7 4 4 0 7 1

such reasonable and justifiable reliance, has suffered damages and injury for which Plaintiff is entitled to damages.

25. Plaintiff alleges that as a direct and proximate result of the acts and omissions of Defendant, John D. Huddy, as hereinabove alleged, Plaintiff has suffered damages in an amount presently unknown and Plaintiff will seek leave to amend this Complaint when such sum is determined.

THIRD CAUSE OF ACTION

(Fraud/Intentional Misrepresentation—

Against KADY Television, HBC Holdings, Inc.,

and Does 11 through 20)

26. Plaintiff repeats and realleges paragraphs 1 through 8 of the General Allegations.

27. On or about October 21, 1994, Defendants KADY Television, HBC Holdings, Inc., and DOES 11 through 20, suggested to Plaintiff that Plaintiff utilize and incorporate the personal testimonials of two prominent and well recognized individuals in political commercials broadcasted on KADY Television. Defendants, and each of them, represented to Plaintiff through Elton Gallegly that Defendants, and each of them, would produce the television advertisement inexpensively and in an amount equal to the actual production costs incurred and never represented that there would be any minimum charges.

28. Thereafter, Plaintiff entered into an oral agreement with Defendants, and each of them, to produce the political advertisements incorporating the testimonials of two prominent and well recognized individuals in exchange of payment of a sum of

96043744072

monies equivalent to the actual production costs incurred by Defendant.

29. Thereafter, Defendants, and each of them, produced the political advertisements and generated and submitted a billing statement to Plaintiff. The billing statement generated and delivered by Defendants, and each of them, were inflated and contained manufactured charges and production costs. The true facts were that Defendants did not incur the actual production costs as referenced on the billing statement and constituted no more than an artificial billing statement.

30. The representations as set forth in the billing statement generated and delivered by Defendants, and each of them, were false and were known to be false by Defendants at the time Defendants generated and delivered said billing statement and was made with reckless disregard of the truth or falsity thereof. Plaintiff is informed and believes and thereon alleges that Defendants, and each of them, generated and delivered said false billing statement with the intent to defraud Plaintiff and to induce Plaintiff to rely on said billing statement and to allow a debit against its deposit account held by Defendant.

31. Plaintiff, to its detriment, reasonably and justifiably relied upon Defendants representations expressed based upon the knowledge, expertise and experience of Defendants, and as a result of such reasonable and justifiable reliance, have suffered damages and injuries for which Plaintiff is entitled to damages.

32. Plaintiff alleges that as a direct and proximate result of the acts and omissions of Defendants, and each of them, as

96043744073

hereinabove alleged, Plaintiff has suffered damages in an amount presently unknown and Plaintiff will seek leave to amend this Complaint when such sum is determined.

33. The foregoing conduct of Defendants, and each of them, was intentional and malicious and performed with the intent to deceive and defraud a pecuniary benefit from Plaintiff, and, therefore constitutes malice, fraud and oppression within the meaning of California Civil Code, Section 3294, and Plaintiff is entitled to exemplary damages in a sum in excess of $25,000.00 to be determined by the trier of fact.

FOURTH CAUSE OF ACTION

(Breach of Contract Against KADY Television, HBC Holdings, Inc., and Does 11 through 20)

34. Plaintiff refers to and incorporates, as though fully set forth herein, Paragraph 1 through 8, inclusive of the General Allegations.

35. On or about October 13, 1994, Plaintiff and Defendants entered into an oral agreement in Ventura County, whereby Defendants agreed to sell and provide all available prime commercial air time on KADY TELEVISION prior to the November 8, 1994 U. S. Congressional election, and Plaintiff agreed to pay for same.

36. On or about October 14, 1994, Plaintiff paid Defendants the sum of $16,082.00 as a deposit toward the future purchase of commercial air time.

37. On or about October 17, 1994, Defendants contacted Plaintiff and advised Plaintiff that despite Defendant's previous

9604374407 4

suggestion and representation that Plaintiff could and should buy all available prime air time prior to the election, that Defendants were not permitted to do so as Federal Regulations prohibited same.

38. On or about October 24, 1994, Plaintiff purchased television air time for advertising during the congressional campaign in the amount of $6,562.00. (See Exhibit B and Exhibit C).

39. Thereafter, Plaintiff purchased no additional television air time for advertising and had made requests upon Defendants to refund the balance of the deposit not consumed.

40. On or about June 10, 1995, Defendants breached the oral agreement and understanding by refusing to tender the balance of Plaintiff's deposit, due and owing, to wit: Nine Thousand Five Hundred and Twenty Dollars ($9,520.00).

41. By the terms of the agreement, Plaintiff has performed all conditions, covenants and promises required on its part to be performed.

42. Defendants have made no payments on said obligation and as a result of Defendants' breach of the agreement, Plaintiff has suffered damages in the amount of Nine Thousand Five Hundred Twenty Dollars ($9,520.00), together with interest thereon in the amount of 10% from June 10, 1995.

FIFTH CAUSE OF ACTION

(Declaratory Relief Against KADY Television, HBC Holdings, Inc., and Does 11 through 20)

43. Plaintiff refers to and incorporates, as though fully set forth herein, Paragraph 1 through 8, inclusive of the General Allegations.

9604374407 5

44. On or about October 21, 1994, Plaintiff and Defendants entered into an oral agreement in Ventura County whereby Defendants agreed to produce a television advertisement incorporating the testimonials of two prominent and well recognized individuals. Defendants agreed to produce same inexpensively and in an amount equal to the production costs actually incurred. Plaintiff is informed and believes that the fair value for the production costs incurred is the sum of Four Hundred Dollars ($400.00.)

45. On or about October 24, 1994, Defendants prepared and delivered to Plaintiff a production invoice in the amount of $3,630.00, setting forth production costs which were in fact not incurred in the production of the television advertisement.

46. An actual controversy exists between the parties concerning their respective rights and duties because Defendants contend that all production costs as set forth on their production invoice represent actual production costs incurred for the production of the television advertisement. Plaintiff denies Defendant's contentions and is entitled to an order of the Court that it is obligated to Plaintiff only for the sum of Four Hundred Dollars ($400.00).

SIXTH CAUSE OF ACTION

(Account Stated Against KADY Television, HBC Holdings, Inc., and Does 11 through 20)

47. Plaintiff refers to and incorporates, as though fully set forth herein, Paragraph 1 through 8, inclusive of the general allegations.

///

9604374407 6

48. Within the last two years, on or about October 14, 1994 an account was stated by and between Plaintiff and Defendants, and each of them, wherein Plaintiff established an account in the amount of Sixteen Thousand Eighty Two Dollars ($16,082.00.) From this sum, the sum of Six Thousand Nine Hundred Sixty Two Dollars ($6,962.00) was consumed for commercial television air time and Defendants and each of them, are indebted to Plaintiff for a balance in the sum of Nine Thousand Five Hundred Twenty Dollars ($9,520.00).

49. Neither the whole nor any part of the above sum of Nine Thousand Five Hundred Twenty Dollars ($9,520.00) has been paid, although demand therefor has been made, and there is now due, owing and unpaid the sum of Nine Thousand Five Hundred Twenty Dollars ($9,520.00), together with interest thereon at the rate of 10% from June 10, 1995.

WHEREFORE, Plaintiff prays judgment against Defendants, and each of them, as follows:

As to the First Cause of Action:

1. For general damages according to proof.
2. For punitive damages in excess of $25,000.00 pursuant to Adams v. Murakami, 1991, 54 Cal. 3rd 105.

As to the Second Cause of Action:

3. For general damages according to proof.

As to the Third Cause of Action:

4. For general damages according to proof.
5. For punitive damages in excess of $25,000.00 pursuant to Adams v. Murakami, 1991, 54 Cal. 3rd 105.

96043744077

As to the Fourth Cause of Action:

6. For damages in the amount of Nine Thousand Five Hundred Twenty Dollars ($9,520.00), together with interest thereon at the rate of 10% from June 10, 1995;

As to the Fifth Cause of Action:

7. A judicial determination that Defendants have overcharged Plaintiff for the production of the television advertisement, and of the actual sum of money which may be due to Defendants from Plaintiff;

As to the Sixth Cause of Action:

8. For damages in the amount of Nine Thousand Five Hundred Twenty Dollars ($9,520.00), together with interest thereon at the rate of 10% from June 10, 1995;

As to All Causes of Action:

9. For costs of suit incurred herein; and

10. For such other and further relief as the Court may deem just and proper.

Dated: August 8, 1995

LAW OFFICES OF HUBER & TAKASUGI
An Association of Attorneys
Including a Professional Corporation

By: _____
ROBERT O. HUBER
Attorney for Plaintiff

9604374408 78

MEMORANDUM

TO: Sales & Marketing

FROM: GM/Legal

DATE: August 1, 1994

SUBJ: Politicals

CC:

We are now entering the political season with its complex regulations and significant responsibilities. Here are key points and highlights:

(1) All candidates must be treated fairly, evenly and the same.

(2) Maintain lowest unit rate as posted.

(3) Everyone pays in advance for air time and facilities.

(4) The candidate may ask about his opponent on KADY-TV. Some stations will provide that information which is available in the public file. Avoid rumor and speculation. You are neutral.

(5) Candidates shall have reasonable access to programming dayparts. As we move closer to the air date, and as the inventory is reduced, a candidate may become the last buyer in that particular program. Blocking, or the practice of manipulating the station's inventory for purposes of obstructing an opponent's buy in a prize daypart, is not acceptable.

(6) All normal deadlines apply for cancellations and re-scheduling. (Two-week notice for flights, four-day for minor adjustments re: traffic and the log).

(7) Please review Section 73.1940, paragraph 3, section 2: *Discrimination between candidates*. The text is attached.

EXHIBIT A

96043744079

2 6 0 4 3 7 4 4 0 3 0

kady.
TELEVISION
663 Maulhardt Avenue
Oxnard, CA 93030
(805) 983-0044

AGENCY.....CALLEGLY FOR CONGRESS
ADVERTISER.....CALLEGLY FOR CONGRESS
TO BE LOCCED AS.CALLEGLY FOR CONGRESS

CONTRACT NUMBER.9046 DATE. 10/21/94
REVISION NUMBER. 00 DATE. 10/24/94

ORDER START.....10/24/94 END. 10/28/94
BILLING PERIOD..MONTHLY
AGENCY - ADV #..0454-3472

CALLEGLY FOR CONGRESS
P.O. BOX 2785
SIMI VALLEY
CALIFORNIA
93093

SALESPERSON.....MOLSE
SALES OFFICE....KADY-TV

AGENCY EST.....1
TOTAL OCCASIONS. 29
BUYER NAME.....
BUYER PHONE....

* INDICATES LINE ITEM REVISION

ITEM	BROADCAST DATES		SEC		LENGTH	SCHEDULE	BROADCAST PATTERN MON	TUE	WED	THR	FRI	SAT	SUN	WEEKLY GOAL	TOTAL GOAL	RATE/PLAN	
A	10/24/94-10/28/94		C		60	TOP CCPS	1	1	1	1	1			5	5	60.00	
B	10/24/94-10/28/94		C		60	06:30P-08:00P	2	2	2	2	2			10	10	70.00	
C	10/24/94-10/28/94		C		60	08:00P-10:00P	2	2	2	2	2			10	10	100.00	
D	10/27/94		C		60	06:30P-07:00P				2				2	2	220.00	*
E	10/28/94		C		60	10:30P-11:00P				2				2	2	220.00	*

CONFIRMATION ONLY / INVOICE FOLLOW

MONTH	OCC.	RATE	EXTENSION
OCT	6	60.00	360.00
	10	70.00	700.00
	10	100.00	1,000.00
	4	220.00	880.00
GROSS.....			2,940.00
NET.....			2,448.00

EXHIBIT B

GROSS AMOUNT... 2,940.00
AGENCY COMM.... 492.00
CONTRACT TOTAL. 2,448.00

SUBJECT TO THE TERMS AND CONDITIONS ON THE BACK HEREOF. WE APPRECIATE THE OPPORTUNITY TO SERVE YOUR ADVERTISING NEEDS. THANK YOU FOR YOUR BUSINESS.

ACCEPTED AGENCY/ADVERTISER DATE ACCEPTED STATION DATE

9 6 0 4 3 7 4 4 0 8 1

EXHIBIT B

TELEVISION CONTRACT CONDITIONS

The person, firm, or corporation (including, but not limited to organizations known as advertising agencies, or buying services) contracting for television time (hereinafter called AGENCY) and the station accepting this contract (hereinafter called STATION) hereby agree that this contract shall be governed by the following conditions

1. PAYMENT AND BILLING

(a) STATION will bill AGENCY monthly, using the Final Sunday Fiscal Month, unless otherwise provided on the face of this contract.

(b) Invoices shall contain advertiser/brand, date and time of commercial announcement, cost, and if commercial code identifying each commercial announcement is supplied by AGENCY, such code for each commercial announcement. STATION shall warrant that the information shown on invoice is true and correct and was taken from the official log maintained by STATION, as required by FCC regulations and, on request, will be made available for inspection by AGENCY or Advertiser, for a minimum of 12 months from the month of telecast.

(c) Payment by AGENCY of items which are not in dispute (i.e. non discrepant items) on each invoice is due within 10 days after receipt of invoice by AGENCY. If any discrepant item(s) exist on invoice AGENCY shall, within 10 days after receipt of invoice, send written notice of discrepant item(s) to STATION. STATION shall reply to AGENCY in writing within 10 days after receipt of notice of discrepant item(s).

(d) STATION agrees to hold AGENCY solely liable for payments to be made under this contract, provided however that if AGENCY fails to pay non discrepant portions of any invoice rendered in compliance with the provisions of this contract within 4 weeks after the end of the month for which the invoice was rendered, STATION may elect to notify AGENCY and Advertiser in writing of such non payment. From and after receipt of such notice

(1) AGENCY shall remain solely liable to STATION for payment of all invoices in respect of which payment has been made to AGENCY by Advertiser prior to receipt of the notice and

(2) Advertiser shall be solely liable to STATION for payment in respect of which payment was not made to AGENCY by Advertiser prior to receipt of the notice.

(3) Advertiser shall be liable to STATION for payment made to AGENCY upon Advertiser knowing that AGENCY had entered into an agreement purporting to assign or pledge to a third party monies which may be or become payable by Advertiser to AGENCY.

1B ADDITIONAL TERMS AND CONDITIONS

Should any party hereto institute any action or proceeding to enforce any provision of this Agreement or for damages by reason of any alleged breach of any provision of this Agreement, or for a declaration of such party's rights or obligations hereunder, or for any other judicial remedy, the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, such amounts as the court may judge to be reasonable attorney fees for the legal services rendered on behalf of the party finally prevailing in any such action or proceeding.

2. TERMINATION

(a) Announcements. Contracts of 4 or fewer telecast weeks duration are not cancellable. Contracts may be cancelled upon 2 weeks prior notice, but no such cancellation shall be effective until 2 telecast weeks, as contracted for, have been telecast following receipt of such notice.

(b) Programs. Contracts may be cancelled upon such prior notice as stated on the face of the contract.

(c) If AGENCY cancels contract earned rates shall apply. If STATION cancels contract AGENCY shall have the benefit of the same rates which would have been earned had it been allowed to complete the contract.

3. RENEWAL

(a) Announcements. Contracts may be renewed upon 14 days notice prior to expiration.

(b) Programs. Contracts may be renewed upon such prior notice as stated on the face of the contract.

4. FAILURE TO TELECAST

(a) If due to any cause beyond STATION's control, there is an interruption or omission of any commercial announcement or program contracted to be telecast hereunder, STATION may suggest a substitute time period for the broadcast of the interrupted or omitted commercial announcement, or program. If no such substitute time period, or makegood, is acceptable to AGENCY, STATION shall allow AGENCY 1) with respect to a program, a pro rata reduction in the time and/or program charges hereunder in the amount of money assigned to such charges at time of purchase and 2) with respect to a commercial announcement, an acceptable makegood, or a reduction in the time charges equal to the amount of money assigned to the commercial announcement at time of purchase. AGENCY shall have the benefit of the same rates which would have been earned if there had been no interruption or omission of the telecast.

5. SUBSTITUTION OF PROGRAMS

(a) STATION has the right to cancel any telecast or portion thereof covered by this contract in order to telecast any program which, in its absolute discretion, it deems to be of public significance. In case of cancellation, STATION will notify AGENCY in advance, but where such notice cannot reasonably be given, STATION will notify AGENCY within 1 business day after such telecast has been cancelled.

(b) If AGENCY and STATION cannot agree upon a substitute day and time the telecast time so pre-empted shall be deemed cancelled without affecting the rates, or rights provided under this contract, except that AGENCY shall not have to pay the cancelled STATION charges. However, if the program substituted by STATION is a sponsored program, STATION shall pay to AGENCY AGENCY's actual pro-rata non cancellable costs incurred by AGENCY for the production of such program and the reasonable allocated costs for the cancelled program not usable for future scheduling.

6. RATES AND CHARGES

STATION reserves the right to increase rates, but no such increase shall be applied to telecasts under this contract unless the AGENCY is advised of such increase and its effective date and such increase is accepted by the AGENCY.

7. PROGRAM AND COMMERCIAL MATERIAL

(a) Unless otherwise noted on the face of this contract, all program material, excluding commercial announcements, shall be furnished by STATION, and all commercial announcement material shall be furnished by AGENCY. All expenses connected with the delivery of commercial announcements to STATION, and with return therefrom, if return is desired, shall be paid by AGENCY. STATION shall retain commercial material for 30 days after last telecast and may destroy such material thereafter, unless otherwise instructed by AGENCY.

(b) STATION is required to advise AGENCY Broadcast Operations [illegible] by telephone and subsequently by written confirmation, if AGENCY furnished program or commercial material and Scheduling Instructions do not arrive 3 business days in advance of telecast date. If such material and instructions do not arrive at STATION within 2 business days after STATION has notified AGENCY, STATION may either provide a makegood, or bill AGENCY for the time reserved. STATION will exert all reasonable efforts to telecast material received from AGENCY despite late receipt.

(c) If, due to any cause beyond AGENCY's control, AGENCY cannot provide commercial and/or program material prior to scheduled telecast hereunder, AGENCY shall not be liable to STATION. In such event, STATION shall suggest a makegood for telecast of said commercial and/or program material. If no such makegood is mutually agreed upon, STATION shall credit AGENCY for the time and/or program charges hereunder in the amount of money assigned to the time period and/or program at time of purchase. AGENCY shall have the benefit of the same rates which would have been earned if the commercial announcement and/or program had been telecast.

(d) Telecast program and commercial material provided by AGENCY is subject to STATION approval and STATION may exercise a continuing right to reject such material, including a right to reject for unsatisfactory technical quality. In the event the program material is unsatisfactory, STATION shall notify AGENCY by telephone within 24 hours of receipt of program material and subsequently by written confirmation. Unless AGENCY furnishes satisfactory material [illegible] days in advance of telecast, STATION shall have the right to substitute its own program [illegible] to AGENCY. In the event the commercial material within the program is unsatisfactory, STATION shall notify AGENCY by telephone and subsequently by written confirmation, and unless AGENCY furnishes satisfactory material 2 business days prior to telecast date, this contract may be terminated by either party without penalty to either party.

8. TELECAST LIABILITIES

STATION agrees to hold and save AGENCY and Advertiser harmless against all liability resulting from the telecast of (1) program material except program material furnished by AGENCY and (2) musical compositions licensed for telecasting by a music licensing organization of which STATION is a licensee. AGENCY agrees to hold and save STATION harmless against all liability resulting from the telecast of commercial material or program material furnished by AGENCY, except musical compositions licensed as stated above.

9. GENERAL

(a) STATION's obligations hereunder are subject to the licenses held by it and to applicable federal, state and local laws and regulations.

(b) STATION shall exercise normal precautions in handling of property and shall not assume responsibility for loss or damage to program or commercial material and other property furnished by AGENCY in connection with telecasts hereunder. STATION will not accept or process mail, correspondence, or telephone calls in connection with telecasts except after STATION's prior approval.

(c) This contract, including the rights under it, may not be assigned or transferred without first obtaining the consent of STATION in writing, nor may STATION be required to telecast hereunder for the benefit of any other Advertiser than the one named on the face of the contract.

(d) Failure of STATION or AGENCY to enforce any of the provisions herein shall not be considered as a general relinquishment or waiver as to that or any other provision.

(e) This contract contains the entire agreement between the parties relating to the subject matter herein contained and no change in its terms and provisions shall be binding unless made in writing.

COPYRIGHT NOTICE

Any changes in the copyright conditions must be clearly and conspicuously noted on the face of this form.

Copyright © 19[illegible], American Association of Advertising Agencies

STATION: KADY-TV 9 6 0 4 3 7 4 4 0 8 2 KADY 01 OF 01

kady.
TELEVISION
663 Maulhardt Avenue
Oxnard, CA 93030
(805) 983-0044

AGENCY.....CALLEGLY FOR CONGRESS
ADVERTISER.....VCNN/CALLEGLY FOR CONG
TO BE LOGGED AS.VCNN/CALLEGLY FOR CONG

CONTRACT NUMBER.5045 DATE. 10/21/94
REVISION NUMBER. 01 DATE. 10/24/94

ORDER START.....10/24/94 END. 11/07/94
BILLING PERIOD..MONTHLY
AGENCY - ADV #..0494-0491

CALLEGLY FOR CONGRESS
P.O. BOX 3765
SIMI VALLEY
CALIFORNIA
93093

SALESPERSON.....HOUSE
SALES OFFICE....KADY-TV

AGENCY EST.....T
TOTAL OCCASIONS. 22
BUYER NAME.....
BUYER PHONE #....

ITEM	BROADCAST DATES	FIRST	SECT	CLASS	LENGTH	SCHEDULE	MON	TUE	WED	THR	FRI	SAT	SUN	WEEKLY OCC.	TOTAL OCC.	RATE/PLAN	* INDICATES LINE ITEM REVISION
A	10/24/94-11/07/94		C		60	VCNN NEWS 6A	1	1	1	1	1			5	12	220.00	*
B	10/24/94-11/07/94		C		60	VCNN NEWS 10A	1	1	1	1	1			5	11	220.00	*
C	********** CANCELED LINE **********																*
D	********** CANCELED LINE **********																*

MONTH	OCC.	RATE	EXTENSION
OCT	12	220.00	2,640.0
	CROSS.....		2,640.0
	NET.....		2,244.0
NOV	10	220.00	2,200.0
	CROSS.....		2,200.0
	NET.....		1,870.0

EXHIBIT C

CROSS AMOUNT... 4,840.0
AGENCY COMM.... 726.0
CONTRACT TOTAL. 4,114.0

SUBJECT TO THE TERMS AND CONDITIONS ON THE BACK HEREOF. WE APPRECIATE THE OPPORTUNITY TO SERVE YOUR ADVERTISING NEEDS. THANK YOU FOR YOUR BUSINESS.

ACCEPTED AGENCY/ADVERTISER DATE ACCEPTED STATION DATE

TELEVISION CONTRACT CONDITIONS

The person, firm, or corporation (including but not limited to organizations known as advertising agencies, or buying services) contracting for television time (hereinafter called AGENCY) and the station accepting this contract (hereinafter called STATION) hereby agree that this contract shall be governed by the following conditions:

1. PAYMENT AND BILLING

(a) STATION will bill AGENCY monthly using the Final Sunday Fiscal Month, unless otherwise provided on the face of this contract.

(b) Invoices shall contain advertisement, date and time of commercial announcement, cost, and if commercial code identifying each commercial announcement is supplied by AGENCY, such code for each commercial announcement. STATION shall warrant that the information shown on invoice is true and correct and was taken from the official log maintained by STATION as required by FCC regulations and, on request, will be made available for inspection by AGENCY or Advertiser, for a minimum of 12 months from the month of telecast.

(c) Payment by AGENCY of items which are not in dispute (i.e. non-discrepant items) on each invoice is due within 10 days after receipt of invoice by AGENCY. If any discrepant item(s) exist on invoice AGENCY shall, within 10 days after receipt of invoice, send written notice of discrepant item(s) to STATION. STATION shall reply to AGENCY in writing within 10 days after receipt of notice of discrepant item(s).

(d) STATION agrees to hold AGENCY solely liable for payments to be made under this contract, provided however that if AGENCY fails to pay non-discrepant portions of any invoice rendered in compliance with the provisions of this contract within 4 weeks after the end of the month for which the invoice was rendered, STATION may elect to notify AGENCY and Advertiser in writing of such non-payment. From and after receipt of such notice

(1) AGENCY shall remain solely liable to STATION for payment of all invoices in respect of which payment has been made to AGENCY by Advertiser prior to receipt of the notice and

(2) Advertiser shall be solely liable to STATION for payment in respect of which payment was not made to AGENCY by Advertiser prior to receipt of the notice

(3) Advertiser shall be liable to STATION for payment made to AGENCY upon Advertiser knowing that AGENCY had entered into an agreement purporting to assign or pledge to a third party monies which may be or become payable by Advertiser to AGENCY.

2. ADDITIONAL TERMS AND CONDITIONS

Should any party hereto institute any action or proceeding relating to enforce any provision of this Agreement or for damages by reason of any alleged breach of any provision of this Agreement, or for a declaration of such party's rights or obligations hereunder, or for any other judicial remedy, the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, such amounts as the court may adjudge to be reasonable attorney fees for the legal services rendered on behalf of the party finally prevailing in any such action or proceeding.

3. TERMINATION

(a) Announcements. Contracts of 4 or fewer telecast weeks duration are not cancelable. Contracts may be cancelled upon 2 weeks prior notice, but no such cancellation shall be effective until 2 telecast weeks, as contracted for, have been telecast following receipt of such notice.

(b) Programs. Contracts may be cancelled upon such prior notice as stated on the face of the contract.

(c) If AGENCY cancels contract earned rates shall apply. If STATION cancels contract AGENCY shall have the benefit of the same rates which would have been earned had it been allowed to complete the contract.

4. RENEWAL

(a) Announcements. Contracts may be renewed upon 14 days notice prior to expiration.

(b) Programs. Contracts may be renewed upon such prior notice as stated on the face of the contract.

5. FAILURE TO TELECAST

(a) If due to any cause beyond STATION's control, there is an interruption or omission of any commercial announcement or program contracted to be telecast hereunder, STATION may suggest a substitute time period for the interrupted or omitted commercial announcement, or program. If no such substitute time period, or makegood, is acceptable to AGENCY, STATION shall allow AGENCY 1) with respect to a program, a pro rata reduction in the time and/or program charges hereunder in the amount of money assigned to such charges at time of purchase and 2) with respect to a commercial announcement, an acceptable makegood, or a reduction in the time charges equal to the amount of money assigned to the commercial announcement at time of purchase. AGENCY shall have the benefit of the same rates which would have been earned if there had been no interruption or omission in the telecast.

6. SUBSTITUTION OF PROGRAMS

(a) STATION has the right to cancel any telecast or portion thereof covered by this contract in order to telecast any program which, in its absolute discretion, it deems to be of public significance. In case of cancellation, STATION will notify AGENCY in advance, but where such notice cannot reasonably be given, STATION will notify AGENCY within 1 business day after such telecast has been cancelled.

(b) If AGENCY and STATION cannot agree upon a satisfactory substitute day and time, the telecast time so pre-empted shall be deemed cancelled without affecting the rates, or rights provided under this contract, except that AGENCY shall not have to pay the cancelled STATION charges. However, if the program substituted by STATION is a sponsored program, STATION shall pay to AGENCY AGENCY's actual pro-rata non-cancelable costs incurred by AGENCY for the production of such program and the reasonable allocated costs for the cancelled program not usable for future scheduling.

6. RATES AND CHARGES

STATION reserves the right to increase rates, but no such increases shall be applied to time slots under this contract unless the AGENCY is advised of such increase and its effective date and such increase is accepted by the AGENCY.

7. PROGRAM AND COMMERCIAL MATERIAL

(a) Unless otherwise noted on the face of this contract, all program material, including commercial announcements, shall be furnished by STATION, and all commercial announcement material shall be furnished by AGENCY. All expenses connected with the delivery of commercial announcements to STATION, and with return therefrom, if return is desired, shall be paid by AGENCY. STATION shall retain commercial material for 90 days after last telecast and may destroy such material thereafter unless otherwise instructed by AGENCY.

(b) STATION is required to advise AGENCY Broadcast Operations Desk by telephone and subsequently by written confirmation, if AGENCY furnished program or commercial material and Scheduling Instructions do not arrive 3 business days in advance of telecast date. If such material and instructions do not arrive at STATION within 2 business days after STATION has notified AGENCY, STATION may either provide a makegood, or bill AGENCY for the time reserved. STATION will expect [illegible] material received from AGENCY despite late receipt.

(c) If, due to any cause beyond AGENCY's control, AGENCY cannot provide commercial and/or program material prior to scheduled telecast hereunder, AGENCY shall not be liable to STATION. In such event STATION shall suggest a makegood for telecast of said commercial and/or program material. If no such makegood is mutually agreed upon, STATION shall credit AGENCY for the time and/or program charges hereunder in the amount of money assigned to the time period and/or program at time of purchase. AGENCY shall have the benefit of the same rates which would have been earned if the commercial announcement and/or program had been telecast.

(d) Telecast program and commercial material provided by AGENCY is subject to STATION approval and STATION may exercise a continuing right to reject such material, including a right to reject for unsatisfactory technical quality. In the event the program material is unsatisfactory, STATION shall notify AGENCY by telephone within 24 hours of receipt of program material and subsequently by written confirmation. Unless AGENCY furnishes satisfactory material by 3 business days in advance of telecast, STATION shall have the right to substitute its own program at no penalty to AGENCY. In the event the commercial material within the program is unsatisfactory, STATION shall notify AGENCY by telephone and subsequently by written confirmation, and unless AGENCY furnishes satisfactory material 2 business days prior to telecast date, this contract may be terminated by either party without penalty to either party.

8. TELECAST LIABILITIES

STATION agrees to hold and save AGENCY and Advertiser harmless against all liability resulting from the telecast of (1) program material except program material furnished by AGENCY and (2) musical compositions licensed for telecasting by a music licensing organization of which STATION is a licensee. AGENCY agrees to hold and save STATION harmless against all liability resulting from the telecast of commercial material or program material furnished by AGENCY, except musical compositions licensed as stated above.

9. GENERAL

(a) STATION's obligations hereunder are subject to the licenses held by it and to applicable federal, state and local laws and regulations.

(b) STATION shall exercise normal precautions in handling of property and mail, but assumes no liability for loss or damage to program or commercial material and other property furnished by AGENCY in connection with telecasts hereunder. STATION will not accept or process mail, correspondence, or telephone calls in connection with telecasts except after STATION's prior approval.

(c) This contract, including the rights under it, may not be assigned or transferred without first obtaining the consent of STATION in writing, nor may STATION be required to telecast hereunder for the benefit of any other Advertiser than the one named on the face of this contract.

(d) Failure of STATION or AGENCY to enforce any of the provisions herein shall not be construed as a general relinquishment or waiver as to that or any other provision.

(e) This contract contains the entire agreement between parties relating to the subject matter herein contained and no change in its terms and provisions shall be effective unless made in writing.

COPYRIGHT NOTICE

Any changes in the copyright conditions must be clearly and conspicuously noted on the face of this form. Copyright - 1981, American Association of Advertising Agencies.

EXHIBIT C

HUBER & TAKASUGI
AN ASSOCIATION OF ATTORNEYS INCLUDING A PROFESSIONAL CORPORATION

ROBERT O. HUBER*
*A PROFESSIONAL LAW CORPORATION
RUSSELL H. TAKASUGI
RONALD A. JACKSON

OF COUNSEL
RICHARD S. RABBIN

1791 ERRINGER ROAD, SUITE 202
SIMI VALLEY, CALIFORNIA 93065
PHONE (805) 583-8400
FAX (805) 522-FAX2

5755 VALENTINE ROAD, SUITE 201
VENTURA, CALIFORNIA 93003
PHONE (805) 648-8300
FAX (805) 522-FAX2

631 STATE STREET, SUITE 200
SANTA BARBARA, CALIFORNIA 93101
PHONE (805) 962-1800
FAX (805) 962-FAX2

CORRESPOND TO
☒ SIMI VALLEY OFFICE
☐ VENTURA OFFICE
☐ SANTA BARBARA OFFICE

May 31, 1995

Mr. John Huddy
Chairman of the Board
HBC Holdings, Inc.
633 Mulhardt Street
Oxnard, CA 93030

Re: Our Client: Gallegly for Congress Committee

Dear Mr. Huddy:

Please be advised that this office has been retained by the Gallegly for Congress Committee for the purpose of collecting monies owed to the Committee by KADY Television.

Congressman Elton Gallegly has requested that I make some efforts to resolve this matter without the necessity for, or expense of, litigation. Please understand that this request is made, and that nothing contained herein, or admitted hereof, is meant to limit or restrict the rights of Gallegly for Congress Committee to proceed, plead, assert, claim, demand or defend in any manner, now or hereinafter pending. The admission of waiver, express or implied, contained herein by inclusion, or admitted hereof by exclusion, is expressly denied. Such request is predicated solely upon Congressman Gallegly's desire to keep amicable relations with yourself, KADY Television, and some desire to reach a conclusion absent litigation.

On or about October 14, 1994, Congressman Elton Gallegly, on behalf of the Gallegly for Congress Committee, deposited $16,082.00 with KADY Television against possible future contracts to be signed for television advertising with KADY Television. Subsequently, on or about October 24, 1994, two contracts, number 5045 and 5046, were in fact signed reflecting contractual agreement by the Gallegly for Congress Committee to pay $6,562.00 for advertising during the congressional campaign. On or about October 24, 1994, invoice number 5083-01 was prepared and sent to the Gallegly for Congress Committee. This invoice was a "Production Invoice" with a net

9604374403 4

amount due in the amount of $3,630.00. After receiving this invoice, Congressman Gallegly expressed to you his concern that this invoice was way out of line for the actual time and energy involved in producing the commercial. Congressman Gallegly expressed to you his feelings that a fair amount for this production invoice would be in the neighborhood of three to four hundred dollars.

With the foregoing in mind, demand is hereby made by the Gallegly for Congress Committee for refund of the $9,120.00 deposit balance. The breakdown for arriving at this figure is as follows:

October 24, 1994, deposit	$16,082.00
Less two contract commitments,	
number 5045	- 4,114.00
number 5046	- 2,448.00
Subtotal	$ 9,520.00
Less fair amount for production	- 400.00
Total refund due to Gallegly for Congress	$ 9,120.00

You may accept this letter as a formal demand that you or your attorney immediately contact this office to arrange for remittance of the full refund due.

Paragraph 1B of the KADY television contract provides for the recovery of attorney fees in the event that legal counsel is required to enforce a party's rights under said agreement. Our client is currently incurring such fees and will continue to do so until this matter is resolved. All such fees shall be and are hereby asserted against you as additional damages in this matter. Unless a satisfactory resolution of the above matter is concluded within ten (10) days of the date of this letter, our client will be forced to take all further appropriate action in order to protect their rights. I sincerely hope that you will avail yourself of the opportunity herein afforded you to resolve this matter now and avoid further inconvenience, costs and expenses. Should you elect to ignore the demands as herein contained, I will recommend to my client that they authorize and instruct this firm to file an action in court seeking a judgment.

9604374085

It is absolutely essential that the monies owed by you, donated in good-faith by hard-working Americans to the Gallegly for Congress Committee, be restored.

This letter shall not constitute a waiver by my client of any rights, remedies or damages that they may have against you in this matter, all such rights, remedies and damages being hereby expressly reserved.

I await your response.

Very truly yours,

ROBERT O. HUBER

ROH/rkc
cc: Congressman Elton Gallegly

9604374406

The Law Offices of
HUBER & TAKASUGI
AN ASSOCIATION OF ATTORNEYS INCLUDING A PROFESSIONAL CORPORATION

ROBERT O. HUBER*
*A PROFESSIONAL LAW CORPORATION
RUSSELL H. TAKASUGI
RONALD A. JACKSON

OF COUNSEL
RICHARD S. RABBIN

1791 ERRINGER ROAD, SUITE 202
SIMI VALLEY, CALIFORNIA 93065
PHONE (805) 583-5400
FAX (805) 522-FAX2

5755 VALENTINE ROAD, SUITE 201
VENTURA, CALIFORNIA 93003
PHONE (805) 648-5200
FAX (805) 522-FAX2

831 STATE STREET, SUITE 200
SANTA BARBARA, CALIFORNIA 93101
PHONE (805) 882-1600
FAX (805) 522-FAX2

CORRESPOND TO
■ SIMI VALLEY OFFICE
☐ VENTURA OFFICE
☐ SANTA BARBARA OFFICE

VIA FACSIMILE AND US MAIL
FACSIMILE NUMBER: 805-983-0297

July 20, 1995

Mr. Anson M. Whitfield, Esq.
ENGLAND, WHITFIELD, SCHROEDER & TREDWAY
300 Esplanade Drive, 6th Floor
Oxnard, CA 93030

Re: Our Client: Gallegly for Congress Committee
Your Client: John Huddy and KADY Television

Dear Mr. Whitfield:

My telephone call with you two weeks ago was a direct route in an attempt to resolve this matter in an amicable fashion through some form of meaningful dialogue between the parties without squandering funds on litigation efforts.

In our telephone conversation yesterday, you said you would meet with your client and get back to me. Inasmuch as two weeks have elapsed since our first discussion of a possible resolution, I am requesting an immediate response from you. If I do not receive a reasonable settlement offer from your client by 5:00 p.m., Friday, July 21, 1995, I will assume your client does not wish to resolve this matter on an amicable basis, that litigation will be necessary to demonstrate the truth, and I will file the appropriate Complaint in Court forthwith.

Very truly yours,

ROBERT O. HUBER

ROH/rkc
cc: Congressman Elton Gallegly

9604374408 7

ENGLAND, WHITFIELD, SCHROEDER & TREDWAY

ATTORNEYS AT LAW

THEODORE J. ENGLAND
ANSON M. WHITFIELD
ROBERT W. SCHROEDER
DAVID W. TREDWAY
ROBERT A. MCSORLEY
STUART A. COMIS
MITCHEL B. KAHN
MARK A. NELSON
ERIC J. KANANEN
MARY E. SCHROEDER
OSCAR C. GONZALEZ
STEVEN K. PERRIN

WILLIAM J. RESATIE
MELISSA E. COHEN
ANDREW S. HUGHES
MADISON M. CHRISTIAN
KURT E. KANANEN
JEREMY J. F. GRAY
MELODEE A. YEE
ROBERT D. SCHWARTZ
LINDA K. ASH
CARLA J. ORTEGA

300 ESPLANADE DRIVE, SIXTH FLOOR
OXNARD, CALIFORNIA 93030-1251
(805) 485-9627
(805) 647-8237

SOUTHERN CALIFORNIA TOLL FREE
(800) 255-3466
FAX (805) 983-0257

THOUSAND OAKS OFFICE
ROLLING OAKS OFFICE CENTER
351 ROLLING OAKS DRIVE
THOUSAND OAKS, CALIFORNIA 91360

July 20, 1995

8531

VIA FACSIMILE AND U.S. MAIL

Robert O. Huber, Esq.
Huber & Takasugi
1791 Erringer Road, Siute 202
Simi Valley, California 93065

Dear Mr. Huber:

I have received your fax of July 20, 1995. It is and remains my desire, as well as Mr. Huddy's, to resolve this matter without litigation. I will be meeting with Mr. Huddy next week regarding the matter and hope to be able to submit a proposed resolution to you at that time.

Setting deadlines is unproductive. If you wish to file a complaint with the court, that is your prerogative. I am certain the press will love it. Publicity is not our goal and I see no need to rush to litigation.

Very truly yours,

ANSON M. WHITFIELD

AMW/sm

cc: Mr. John D. Huddy

9604374408

The Law Offices of
HUBER & TAKASUGI
AN ASSOCIATION OF ATTORNEYS INCLUDING A PROFESSIONAL CORPORATION

ROBERT O. HUBER*
*A PROFESSIONAL LAW CORPORATION
RUSSELL H. TAKASUGI
RONALD A. JACKSON

OF COUNSEL
RICHARD S. RABBIN

1751 ERRINGER ROAD, SUITE 202
SIMI VALLEY, CALIFORNIA 93065
PHONE (805) 583-5400
FAX (805) 522-FAX2

5755 VALENTINE ROAD, SUITE 201
VENTURA, CALIFORNIA 93003
PHONE (805) 648-5200
FAX (805) 522-FAX2

831 STATE STREET, SUITE 200
SANTA BARBARA, CALIFORNIA 93101
PHONE (805) 882-1800
FAX (805) 522-FAX2

CORRESPOND TO
■ SIMI VALLEY OFFICE
☐ VENTURA OFFICE
☐ SANTA BARBARA OFFICE

VIA FACSIMILE AND US MAIL
FACSIMILE NUMBER: 805-983-0297

July 21, 1995

Mr. Anson M. Whitfield, Esq.
ENGLAND, WHITFIELD, SCHROEDER & TREDWAY
300 Esplanade Drive, 6th Floor
Oxnard, CA 93030

Re: Our Client: Gallegly for Congress Committee
Your Client: John Huddy and KADY Television

Dear Mr. Whitfield:

This is in response to your July 20, 1995 letter and in follow-up to mine of July 20, 1995.

With all due respect, I find preposterous your assertion "publicity is not our goal" given the fact that your client sent copies of his June 15, 1995 letter to both Kevin Ready and Paul Chatman.

We see no reason for this to linger on. Two weeks have already elapsed since we first discussed resolution of this matter. The issues in this dispute are not complex requiring an inordinate amount of time to ponder. It is now time to "fish or cut bait" as they say.

In the spirit of comity, I have advised my client that we will wait until 5:00 p.m., Wednesday, July 26, 1995, to receive a reasonable settlement offer from your client.

Very truly yours,

ROBERT O. HUBER

ROH/rkc
cc: Congressman Elton Gallegly

0604374440039

ENGLAND, WHITFIELD, SCHROEDER & TREDWAY

ATTORNEYS AT LAW

THEODORE J. ENGLAND
ANSON M. WHITFIELD
ROBERT W. SCHROEDER
DAVID W. TREDWAY
ROBERT A. MCSORLEY
STUART A. COHN
MITCHEL B. KAHN
MARK A. NELSON
ERIC J. KANANEN
MARY E. SCHROEDER
OSCAR C. GONZALEZ
STEVEN K. PERRIN

WILLIAM J. KESATIE
MELISSA E. COHEN
ANDREW S. HUGHES
MADISON M. CHRISTIAN
KURT E. KANANEN
JEREMY J. F. GRAY
MELODEE A. YEE
ROBERT D. SCHWARTZ
LINDA K. ASH
CARLA J. ORTEGA

300 ESPLANADE DRIVE, SIXTH FLOOR
OXNARD, CALIFORNIA 93030-1251
(805) 485-9627
(805) 647-8237

SOUTHERN CALIFORNIA TOLL FREE
(800) 488-3485
FAX (805) 983-0297

THOUSAND OAKS OFFICE
ROLLING OAKS OFFICE CENTER
381 ROLLING OAKS DRIVE
THOUSAND OAKS, CALIFORNIA 91360

July 26, 1995

8531-007

VIA FACSIMILE AND U.S. MAIL

Robert O. Huber, Esq.
Huber & Takasugi
1791 Erringer Road, Suite 202
Simi Valley, California 93065

Dear Mr. Huber:

I met with John Huddy yesterday. John is willing to submit the entire matter to the Federal Elections Commission and abide by whatever ruling it makes based upon the facts as they exist. If this is not acceptable, then I need to obtain additional information from John that he did not have available yesterday before I can advise him on the matter. I am firmly convinced that the matter will be resolved without litigation even if your client is unwilling to submit the matter to the Federal Elections Commission for resolution.

Very truly yours,

ANSON M. WHITFIELD

AMW/sm

cc: Mr. John D. Huddy

9604374490

The Law Offices of
HUBER & TAKASUGI
AN ASSOCIATION OF ATTORNEYS INCLUDING A PROFESSIONAL CORPORATION

ROBERT O. HUBER*
*A PROFESSIONAL LAW CORPORATION
RUSSELL H. TAKASUGI
RONALD A. JACKSON

OF COUNSEL
RICHARD S. RABBIN

1791 ERRINGER ROAD, SUITE 202
SIMI VALLEY, CALIFORNIA 93065
PHONE (805) 583-5400
FAX (805) 522-FAX2

5735 VALENTINE ROAD, SUITE 201
VENTURA, CALIFORNIA 93003
PHONE (805) 648-5200
FAX (805) 522-FAX2

631 STATE STREET, SUITE 200
SANTA BARBARA, CALIFORNIA 93101
PHONE (805) 963-1800
FAX (805) 522-FAX2

CORRESPOND TO
■ SIMI VALLEY OFFICE
☐ VENTURA OFFICE
☐ SANTA BARBARA OFFICE

VIA FACSIMILE AND US MAIL
FACSIMILE NUMBER: 805-983-0297

July 27, 1995

Mr. Anson M. Whitfield, Esq.
ENGLAND, WHITFIELD, SCHROEDER & TREDWAY
300 Esplanade Drive, 6th Floor
Oxnard, CA 93030

Re: Our Client: Gallegly for Congress Committee
Your Client: John Huddy and KADY Television

Dear Mr. Whitfield:

This is in follow-up to your letter of July 26, 1995. You say in your letter that you are firmly convinced that this matter will resolve without litigation and then, on the other hand, suggest litigation of this matter before the Federal Elections Commission. We have verified with the Federal Elections Commission that it is not their role to litigate these type of matters. Additionally, this matter is a legal dispute, not a political dispute. Your client owes my client money and the hard-working Americans who donated to the Committee want it back. Remember, my client has a legal responsibility to see that contributor's funds are properly accounted for.

We have been more than patient in trying to amicably settle this simple money matter. The issue is not which forum the litigation will take place in but whether or not there will be litigation. Whether or not there will be litigation depends if your client seriously wants to amicably settle this matter. Dragging this out serves no useful purpose. If your client wants to amicably resolve this matter instead of trying to play games to string this out, he needs to put a serious money offer on the table. Be advised that this is the last letter that will be written in an effort to amicably resolve this matter. If your client does not make a reasonable money settlement offer by 5:00 p.m. on Friday, July 28, 1995 it is obvious that this matter will not be resolved without

9 6 0 4 3 7 4 4 0 9 1

litigation and he will leave us no alternative but to do what needs to be done to collect this debt.

Very truly yours,

ROBERT O. HUBER

ROH/rkc
cc: Congressman Elton Gallegly

9604374409 2

ENGLAND, WHITFIELD, SCHROEDER & TREDWAY

ATTORNEYS AT LAW

THEODORE J. ENGLAND
ANSON M. WHITFIELD
ROBERT W. SCHROEDER
DAVID W. TREDWAY
ROBERT A. MCSORLEY
STUART A. COHN
MITCHEL B. KAHN
MARK A. NELSON
ERIC J. KANANEN
MARY E. SCHROEDER
OSCAR C. GONZALEZ
STEVEN K. PERRIN
WILLIAM J. KESATIE
MELISSA E. COHEN
ANDREW S. HUGHES
MADISON M. CHRISTIAN
KURT E. KANANEN
JEREMY J. F. GRAY
MELODEE A. YEE
ROBERT D. SCHWARTZ
LINDA K. ASH
CARLA J. ORTEGA

300 ESPLANADE DRIVE, SIXTH FLOOR
OXNARD, CALIFORNIA 93030-1251
(805) 485-9627
(805) 647-8237

SOUTHERN CALIFORNIA TOLL FREE
(800) 255-3485
FAX (805) 983-0297

THOUSAND OAKS OFFICE
ROLLING OAKS OFFICE CENTER
351 ROLLING OAKS DRIVE
THOUSAND OAKS, CALIFORNIA 91360

July 31, 1995

8531-007

VIA FACSIMILE AND U.S. MAIL

Robert O. Huber, Esq.
Huber & Takasugi
1791 Erringer Road, Suite 202
Simi Valley, California 93065

Dear Mr. Huber:

My suggestion was not to "litigate" the matter before the Federal Elections Commission, but simply submit it to the Federal Elections Commission together with a statement of facts from each of the parties, especially to determine if any of the suggested resolutions would violate Federal Election laws.

I have no quarrel with your statement that there is a legal responsibility that contributor's money is accounted for. That should be no problem since the money was paid to KADY for political advertising.

If KADY should agree to return any money to the Committee, what will happen to it? Will it be returned to the "hard working Americans who donated" money to the Committee? Will it go to Mr. Gallegly? Will it be used to fund another campaign?

Your statement that "it is obvious that this matter will not be resolved without litigation if a reasonable cash offer is made by your self-imposed deadline of Friday" is ridiculous. Litigation will result only if you and your client choose to bring it. As I mentioned in my previous letter, I need to obtain more information from Mr. Huddy before I can advise him whether to pay or not to pay. Unfortunately, Mr. Huddy has many matters of more importance to deal with than this petty dispute with Congressman Gallegly. John will get me the contracts that were signed and information from other personnel from KADY that bear on the matter. We will then propose a resolution.

Very truly yours,

Anson M. Whitfield

ANSON M. WHITFIELD

AMW/sm
cc: Mr. John D. Huddy

96043744093

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4244

NAME OF COUNSEL: Benjamin L. Ginsberg

ADDRESS: Patton Boggs, L.L.P.
2550 M Street, N.W.
Washington, D.C. 20037

TELEPHONE: (202) 457-6405

RECEIVED FEDERAL ELECTION COMMISSION OFFICE OF GENERAL COUNSEL
'95 SEP 12 12 21 PM

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

Sept 1, 1995 — Date

Signature

RESPONDENT'S NAME: Elton Gallegly

ADDRESS: P.O. Box 3789
Simi Valley, California 93093

HOME PHONE:

BUSINESS PHONE: (805) 522-4487, (202) 225-5811

9604374440094

JOHN D. HUDDY
4030 Nice Court
Oxnard, California 93035
August 7, 1996

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 20 1 23 PM '96

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

RE: MUR4244 - Congressman Elton Gallegly

Dear Ms. Tasker:

I acknowledge that the filing of my complaint with the Federal Election Commission was part of a strategy to resolve a commercial dispute.

Since filing the complaint, I have come to know that neither Congressman Elton Gallegly or the Gallegly for Congress Committee at no time solicited any improper or excessive contributions that violate the Federal Election Campaign Act.

I hereby request that the complaint initiated by my letter of August 11, 1995 be dismissed with prejudice.

Sincerely,

John D. Huddy
Chairman of the Board
HBC Holdings, Inc.

96043774095

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

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

Aug 14 11 35 AM '96

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

MUR: 4244
DATE COMPLAINT FILED: August 14, 1995
DATE OF NOTIFICATION: August 18, 1995
DATE ACTIVATED: March 12, 1996

STAFF MEMBER: Eugene H. Bull

COMPLAINANT:	John Huddy
RESPONDENTS:	Elton Gallegly Gallegly for Congress Committee and Robert O. Huber, as treasurer
RELEVANT STATUTES:	2 U.S.C. § 441a(a)(1)(A) 2 U.S.C. § 441a(f) 2 U.S.C. § 441b

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter was initiated by a complaint received from John Huddy (the "Complainant") against Elton Gallegly and the Gallegly for Congress Committee (the "Committee") and Robert O. Huber, as treasurer (together referred to as the "Respondents"). In general, the complaint alleges that Mr. Gallegly "abused his office, improperly solicited campaign funds, attempted to use [KADY-TV] as an illicit vehicle to gain an unfair advantage over his [congressional] opponent, sought to arrange kickbacks from the station, and attempted to use the station as a depository for campaign funds." Specifically, the complaint alleges that

9604374409 6

Mr. Gallegly "manipulated and exploited, and attempted to manipulate and exploit commercial air time . . . with the intention of gaining an unfair advantage over his opponent and intimidating future opponents." According to the complaint, Mr. Gallegly also attempted "to gain control over the operations of a major news organization," through "the abuse of his office, the making of threats and [by means of] other intimidation." It is further claimed by the Complainant that Mr. Gallegly solicited KADY-TV "to assist the congressman in covertly 'banking' or 'parking' campaign funds in an effort to covertly move funds from the 1994 campaign to a future campaign," and "for campaign funds in excess of $4,000 by demanding the station contribute air time and production facilities." The complaint asserts that Mr. Gallegly threatened to initiate a FCC license revocation proceeding when his solicitations were rebuffed, and characterizes the allegations of solicitations by Mr. Gallegly as an attempt to receive a "kickback" from the station.

Further, the Complainant states that Mr. Gallegly allegedly "demanded KADY-TV waive its published broadcast political advertising policies by permitting [him] to ignore station rules governing schedule changes and cancellations" and made further threats against the station, its ownership, and business operations when he was reminded of the station's policies. According to the Complainant, Mr. Gallegly, "in seeking to gain an unfair advantage over his opponent, sought in excess of $2,000 in free advertising by insisting the station 'discount' that amount and disguise the sum as an 'advertising agency fee,'" when no such agency existed. Finally, the complaint alleges that Mr. Gallegly "intended to block his opponent from buying prime time news and other air time through machinations that included block booking, abrupt cancellations and numerous changes outside established deadlines."

9604374409 7

In his response through counsel, Mr. Gallegly informs the Commission that the complaint in this matter was filed two days after he filed action in Ventura County Superior Court against John Huddy, the Complainant, and owner of KADY-TV which is located in Mr. Gallegly's district. According to Mr. Gallegly, the complaint was filed as part of an effort to resolve an ongoing commercial dispute between the Gallegly for Congress Committee and John Huddy, KADY-TV, and HBC Holdings. The response points out that the Commission's "historic practice of refusing to rule on commercial disputes involving candidates should hold true in this case, especially since the relevant issues are now before the California Superior Court in Ventura County."

According to the response, the charges in the complaint are reckless. It points out that the complaint does not allege any violations of the Federal Election Campaign Act (the "Act") or the Commission's regulations, "except for the baseless charge of soliciting excessive contributions." The response goes on to reject as "preposterous" what it calls "[this] lone allegation that arguably falls under the Act."

II. FACTUAL AND LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended, gives the Federal Election Commission jurisdiction only with respect to the civil enforcement of provisions found in 2 U.S.C. § 431 et seq. and chapters 95 and 96 of Title 26. 2 U.S.C. § 437c(b)(1). The complaint makes a number of allegations against Respondents, but, with the exception of the allegations that Mr. Gallegly solicited excessive or prohibited contributions, the allegations do not implicate violations under the Act.[1]

[1] The Gallegly for Congress Committee itemized on its 1995 Year End Report the dollar amounts involved in its dispute with KADY-TV. Hence, this disputed debt does not form the basis for a 2 U.S.C. § 434(b) violation.

9604374409 8

The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office; or the payment by any person of compensation for the personal services of another person which are rendered to a political committee without charge for any purpose. 2 U.S.C. § 431(8)(A)(i) and (ii). Section 441a(a)(1)(A) of the Act prohibits any person from making contributions in excess of $1,000 to any candidate and his authorized political committees with respect to any election for federal office. Section 441a(f) of the Act prohibits candidates or political committees from knowingly accepting any contribution which is in violation of any provision found in 2 U.S.C. § 441a. Also, the Act prohibits any national bank, corporation, or labor organization from making a contribution in connection with any federal election, or any candidate from knowingly accepting or receiving such a contribution. 2 U.S.C. § 441b.

The complaint alleges that Mr. Gallegly solicited excessive or prohibited in-kind contributions by "insisting" and "demanding" air time, production facilities, and discounts that were not due him. The complaint does not allege, however, that Mr. Gallegly actually received these in-kind contributions as a result of his demands and insistence. To the contrary, the Complainant informed the Commission that Mr. Gallegly's alleged demands were either rebuffed or refused.

One of the exhibits submitted with the response is a copy of pleadings filed in California Superior Court for Ventura County by the Gallegly for Congress Committee, naming the Complainant and companies owned by the Complainant as defendants. The pleadings were filed on August 9, 1995, two days before the date the complaint to the Commission was filed. In the

9604374409 9

pleadings, the Committee alleges that defendant Huddy and his companies fraudulently caused the Committee to purchase air time, overcharged the Committee for production costs, and failed to return a credit balance owed the Committee. These are the same items which, as alleged in the complaint, were demanded by and insisted upon by Elton Gallegly. Hence, even assuming the truth of the allegations, there remains an issue of whether the alleged demand and insistence for air time, production facilities, and a discount was coercive solicitation by Mr. Gallegly or, instead, an attempt to receive items otherwise owed to him.

In any event, sections 441a(f) and 441b of the Act do not provide for a violation for the mere solicitation by a candidate of excessive or prohibited contributions. These sections require that the excessive or prohibited contribution be received in order for a violation to occur. Thus, it would appear that these particular allegations, even if true, would not give rise to violations under the Act.

On the basis of the foregoing, this Office recommends that the Commission find no reason to believe that Elton Gallegly and the Gallegly for Congress Committee and Robert O. Huber, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and close the file. This Office also believes that there are insufficient grounds for referring the allegations which do not implicate the Act to the appropriate government agencies.

III. RECOMMENDATIONS

1. Find no reason to believe that Elton Gallegly and the Gallegly for Congress Committee and Robert O. Huber, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b.

2. Approve the appropriate letters.

9604374410 0

3. Close the file.

Lawrence M. Noble
General Counsel

8/13/96
Date

BY: LGL
Lois G. Lerner
Associate General Counsel

96043744101

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Elton Gallegly;	)	MUR 4244
Gallegly for Congress Committee	)	
and Robert O. Huber, as treasurer.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 19, 1996, the Commission decided by a vote of 5-0 to take the following actions in MUR 4244:

1. Find no reason to believe that Elton Gallegly and the Gallegly for Congress Committee and Robert O. Huber, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b.

2. Approve the appropriate letters, as recommended in the General Counsel's Report dated August 13, 1996.

3. Close the file.

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

Attest:

8-20-96
Date

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

Received in the Secretariat: Wed., Aug. 14, 1996 11:35 a.m.
Circulated to the Commission: Wed., Aug. 14, 1996 4:00 p.m.
Deadline for vote: Mon., Aug. 19, 1996 4:00 p.m.

bjr

9604374410 2

FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 5, 1996

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John Huddy
663 Maulhardt
Oxnard, CA 93030

RE: MUR 4244

Dear Mr. Huddy:

On August 19, 1996, the Federal Election Commission reviewed the allegations of your complaint filed on August 14, 1995, and found on the basis of the information provided in your complaint, and information provided by Elton Gallegly and the Gallegly for Congress Committee and Robert O. Huber, as treasurer (the "Committee"), that there is no reason to believe Elton Gallegly and the Committee violated 2 U.S.C. §§ 441a(f) and 441b. Accordingly, on that same day, the Commission closed the file in this matter.

The Federal Election Campaign Act of 1971, as amended ("the Act") allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Sincerely,

Lawrence M. Noble
General Counsel

BY: 192
Lois G. Lerner
Associate General Counsel

Enclosure
First General Counsel's Report

9604374410 3

FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 5, 1996

Benjamin L. Ginsberg, Esq.
Patton Boggs, L.L.P.
2550 M Street, N.W.
Washington, D.C. 20037

RE: MUR 4244

Dear Mr. Ginsberg:

On August 18, 1995, the Federal Election Commission notified your client, Congressman Elton Gallegly, of a complaint which indicated that he may have violated the Federal Election Campaign Act of 1971, as amended.

On August 19, 1996, the Commission found, on the basis of information in the complaint and information provided by you, that there is no reason to believe that Congressman Gallegly violated 2 U.S.C. §§ 441a(f) and 441b. Accordingly, on that same date, the Commission closed its file in this matter.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY:
Lois G. Lerner
Associate General Counsel

Enclosure
First General Counsel's Report

9604374410 4

FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 5, 1998

Robert O. Huber, Treasurer
Gallegly for Congress
P.O. Box 3789
Simi Valley, CA 93093

RE: MUR 4244

Dear: Mr. Huber:

On August 18, 1995, the Federal Election Commission notified Gallegly for Congress and you, as treasurer (the "Committee"), of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On August 19, 1996, the Commission found, on the basis of the information in the complaint, and other information provided, that there is no reason to believe the Committee violated 2 U.S.C. §§ 441a(f) and 441b. Accordingly, the Commission closed its file in this matter.

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

9604374405

materials, any permissible submissions will be added to the public record upon receipt.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
First General Counsel's Report

cc: Elton Gallegly

96043774410 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4244

DATE FILMED 9-27-96 CAMERA NO. ___

CAMERAMAN S.E.G.

9604374410 7