



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

Date: 1/15/98

Microfilm

Press

28043824819

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED BOX 4486

Congress of the United States
House of Representatives
Washington, DC 20543-1102

January 12, 1999

2054 Frank Russell Office Building
Washington, DC 20543-1102
202-225-4111
202-225-4112
202-225-4113
202-225-4114
202-225-4115
202-225-4116
202-225-4117
202-225-4118
202-225-4119
202-225-4120
202-225-4121
202-225-4122
202-225-4123
202-225-4124
202-225-4125
202-225-4126
202-225-4127
202-225-4128
202-225-4129
202-225-4130

OFFICE OF THE CLERK AND
CHIEF OF STAFF
OFFICE OF THE CLERK AND
CHIEF OF STAFF
COMMITTEE ON GOVERNMENT REFORM
AND EMPLOYMENT
OFFICE OF THE CLERK AND
CHIEF OF STAFF
COMMISSION ON FEDERAL EDUCATION
ADMINISTRATIVE REFORM
COMMISSION ON PACIFIC
COUNCIL ON

JAN 12 3 24 PM '99

F. ANDREW TURLEY
SUPERVISORY ATTORNEY
CENTRAL ENFORCEMENT DOCKET
FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

Dear Mr. Turley:

Re: MUR 4498

I am deeply disappointed that the complaint I filed has been dismissed.

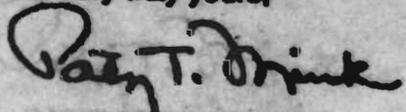
Please send me a copy of your objective evaluation which your letter indicates was made.

It is disturbing that you did not regard "an unsecured loan" by a bank a gift. Further did you even investigate to see if it was repaid? I am told that the bank itself is soliciting contributions to pay it up.

Evidentially you find the use of bank resources of \$100,000+ not of "significance" to merit an investigation.

As for the "lapse of time", whose fault is that?

Very truly yours,



PATSY T. MINK
Member of Congress

28043824820



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 14, 1998

Hon. Patsy T. Mink
Congress of the United States
House of Representatives
21436 Rayburn House Office Building
Washington, DC 20515-1102

re: MUR 4486

Dear Congresswoman Mink:

This is in response to your January 12, 1998, letter regarding the Commission's dismissal of your complaint.

Because the Commission has limited resources, it cannot fully investigate all complaints filed with the agency. Therefore, the Commission has designed a prioritization system to determine how best to use those limited resources. Under the system, all incoming cases are rated under objective criteria to determine whether they warrant the expenditure of Commission resources.¹ If they do not rate highly enough, they are immediately dismissed without action. If they do rate highly enough, they are placed in our Central Enforcement Docket and are considered for activation when staff become available to take on additional work.

If, however, sufficient staff resources do not become available after a significant period of time, even the cases that otherwise warrant Commission resources are closed without action. This is done because effective enforcement depends on the timely pursuit of complaints. Investigations concerning activity more remote in time usually require a greater commitment of resources, primarily because the evidence becomes more difficult to develop as it ages. The utility of commencing an investigation declines as the cases age, until they reach a point when activation of a case is not an efficient use of the Commission's limited resources.

As noted in our earlier letter, your complaint was rated under this objective criteria. Although it rated highly enough to warrant the use of Commission resources, we did not have the requisite staff resources to investigate the matter in

¹ Because these ratings are the basis of the Commission's exercise of prosecutorial discretion, they are not publicly available.

28043824821

a timely manner. The 1996 election cycle generated an extraordinary number of complex cases, stretching our already limited staff. Consequently, the matter was closed. That closing should not be interpreted as a Commission determination that your complaint or the issues set forth therein were not significant. Rather, the closing was based solely on the fact that the Commission's inability to investigate the matter in a timely manner due to insufficient staff resources.

If you have an additional questions, please do not hesitate to contact me at (202) 219-3690.

Sincerely,



Lois G. Lerner
Associate General Counsel
for Enforcement

28043824822



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4486
DATE FILMED 1-12-98 CAMERA NO. 2
CAMERAMAN S.E.G.

98047852804



STATE CAMPAIGN HQ P.O. BOX 402 HONOLULU, HAWAII 96813 TEL: (808) 531-4111

September 30, 1996

LAWRENCE M NOBLE
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
999 E Street, NW
WASHINGTON, DC 20463

MUR 4486

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Oct 1 9 59 AM '96

Dear Mr. Noble:

Re: Complaint against Robert Bunda, Robert Bunda for Congress and Richard A. von Gnechten as Treasurer, and the Bank of Hawaii

Pursuant to U.S.C. section 437(g)(a)(1) I hereby request the Commission investigate (1) Robert Bunda, (2) Robert Bunda for Congress and Richard A. von Gnechten as Treasurer ("the Committee"), and (3) the Bank of Hawaii ("the Bank") regarding certain contributions made to Mr. Bunda and the Committee in the form of unsecured loans in the sums of \$100,000 and of \$35,000.

According to reports filed by the Robert Bunda for Congress Committee, the Bank of Hawaii located at 130 Merchant Street, Honolulu, Hawaii 96813, made two unsecured loans to the Robert Bunda for Congress Committee, one for \$100,000 and one for \$35,000.

All customary fees pertaining to the loans were waived by the Bank.

The loans were not secured by any property. They were issued under the signature alone of Robert Bunda, candidate for the U.S. House.

The first loan of \$100,000 was granted on June 28, 1996. The second loan of \$35,000 was granted on September 6, 1996.

The report filed with the FEC on September 9th noted that Robert Bunda obtained a second unsecured loan from the Bank of Hawaii in the amount of \$35,000. The first \$100,000 loan was apparently repaid as stated on the Detailed Summary Page filed with the FEC on September 9, 1996 and a second loan for \$35,000 was made to Bunda.

But for the Bank of Hawaii loan made on June 28th the Robert Bunda Committee would not have had funds with which to conduct a campaign. As of June 30th exclusive of the loan the Committee had just \$4,843.72. The Primary election date was September 21, 1996.

The records show that the Bank of Hawaii was the principal

98043852805

financier of the Bunda campaign in violation of the campaign laws. Pursuant to 2 U.S.C. section 4441b, it is unlawful for a corporation or a national bank to contribute to a candidate for federal office. Pursuant to 2 U.S.C. section 431(8), a bank loan to a candidate's committee constitutes a contribution unless the loan is made in the ordinary course of business and on a basis which assures repayment.

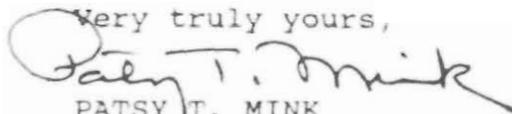
This loan was not made in the ordinary course of business. A review of Robert Bunda's personal financial statement filed with the Clerk of the House of Representatives on May 17, 1996, Mr. Bunda reported less than \$30,000 of income in the first five months of 1996 and reported no solely held assets with values greater than \$1000. He reported two assets jointly held with his spouse worth between \$1000 and \$15,000. Based on his financial statement filed with the U. S. House of Representatives, Mr. Bunda could not be regarded as having sufficient income or assets to support an unsecured loan for \$100,000. The Bank of Hawaii exceeded its authority and clearly violated the public policy against allowing banks from using depositors money to advance the costs of a federal campaign. The issuing of these loans without any security was done solely for the purpose of advancing the Bunda candidacy, contrary to the clear intent of the law.

The second loan of \$35,000 was made to enable the Bunda Campaign to continue as it was unable to raise sufficient funds to pay back the Bank. Based on the rule of reasonable prudence in the conduct of business the Bank of Hawaii exceeded its authority by issuing a loan of \$100,000 on June 28, 1996 to a borrower whose assets or income did not support the issuance of such a large loan without security or collateral. No ordinary applicant of similar circumstances would be able to get such an unsecured loan.

The second loan of \$35,000 must be viewed as substantiation of the Bank of Hawaii's involvement in financing the Bunda campaign.

In light of the above. I respectfully request the Commission investigate the Bank of Hawaii's loans, extensions of credit and other financial arrangements which together and singularly constitute illegal contributions to Mr. Bunda and the Committee as provided by law.

Very truly yours,



PATSY T. MINK
P.O.Box 4452
Honolulu, Hawaii 96812

9 1 4 3 5 2 8 6

- Attachments:
1. Reports of Bunda for Congress to FEC (July 15, 1996) (September 9, 1996)
 2. Loan Documents
 3. Financial Disclosure Statement of Robert Bunda (May 17, 1996)

I AFFIRM UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

Patsy T. Mink
PATSY T. MINK

Sept 30, 1996
Date

David J. Robinson
Notary Public

SEPTEMBER 30, 1996
Date

David J. Robinson

DAVID J. ROBINSON
Notary Public
District of Columbia
My Commission Expires September 14, 1997

98043852807

REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

USE FEC MAILING LABEL
OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full) Robert Bunda for Congress		2. FEC IDENTIFICATION NUMBER 00317719
ADDRESS (number and street) <input checked="" type="checkbox"/> Check if different than previously reported. 733 Bishop Street, Suite 170-91		
CITY, STATE and ZIP CODE Honolulu, HI 96813	STATE/DISTRICT HI/02	3. IS THIS REPORT AN AMENDMENT? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

4. TYPE OF REPORT

<input type="checkbox"/> April 15 Quarterly Report	<input type="checkbox"/> 12-Day Pre-Election Report for the _____ (Type of Election) election on _____ in the State of _____
<input checked="" type="checkbox"/> July 15 Quarterly Report	<input type="checkbox"/> 30-Day Post-Election Report for the _____ (Type of Election) election on _____ in the State of _____
<input type="checkbox"/> October 15 Quarterly Report	<input type="checkbox"/> Termination Report
<input type="checkbox"/> January 31 Year End Report	
<input type="checkbox"/> July 31 Mid-Year Report (Non-election Year Only)	

This report contains activity for: Primary Election General Election Special Election Runoff Election

SUMMARY

5. Covering Period	COLUMN A	COLUMN B
April 1 through June 30, 1996	This Period	Calendar Year-to-Date
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))	10,735.00	10,735.00
(b) Total Contribution Refunds (from Line 20(d))	0	0
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	10,735.00	10,735.00
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	5,891.28	5,891.28
(b) Total Offsets to Operating Expenditures (from Line 14)	0	0
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	5,891.28	5,891.28
8. Cash on Hand at Close of Reporting Period (from Line 27)	104,843.72	For further information contact: Federal Election Commission 999 E Street, NW Washington, DC 20463 Toll Free 800-424-9530 Local 202-219-3420
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)		
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	100,000.00	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer
Richard A. von Gnechten

Signature of Treasurer
Richard A. von Gnechten

Date
7/15/96

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

98042852808

DETAILED SUMMARY PAGE

of Receipts and Disbursements
(Page 2, FEC FORM 3)

Name of Committee (in full) Robert Bunda for Congress	Report Covering the Period From April 1 to June 30, 1996	
I. RECEIPTS		
	COLUMN A Total This Period	COLUMN B Calendar Year-To-Date
11. CONTRIBUTIONS (other than loans) FROM		
(a) Individuals/Persons Other Than Political Committees		
(i) Itemized (use Schedule A)	7,750.00	
(ii) Unitemized	2,985.00	
(iii) Total of contributions from individuals	10,735.00	10,735.00
(b) Political Party Committees	--	--
(c) Other Political Committees (such as PACs)	--	--
(d) The Candidate	--	--
(e) TOTAL CONTRIBUTIONS (other than loans (add 11(a)(i)-(iv), (b), (c) and (d)))	10,735.00	10,735.00
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES	--	--
13. LOANS		
(a) Made or Guaranteed by the Candidate	100,000.00	100,000.00
(b) All Other Loans	--	--
(c) TOTAL LOANS (add 13(a) and (b))	100,000.00	100,000.00
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)	--	--
15. OTHER RECEIPTS (Dividends, Interest, etc.)	--	--
16. TOTAL RECEIPTS (add 11(e), 12, 13(c), 14 and 15)	110,735.00	110,735.00
II. DISBURSEMENTS		
17. OPERATING EXPENDITURES	5,891.28	5,891.28
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES	--	--
19. LOAN REPAYMENTS:		
(a) Of Loans Made or Guaranteed by the Candidate	0	0
(b) Of All Other Loans	--	--
(c) TOTAL LOAN REPAYMENTS (add 19(a) and (b))	0	0
20. REFUNDS OF CONTRIBUTIONS TO		
(a) Individuals/Persons Other Than Political Committees	0	0
(b) Political Party Committees	--	--
(c) Other Political Committees (such as PACs)	--	--
(d) TOTAL CONTRIBUTION REFUNDS (add 20(a), (b) and (c))	0	0
21. OTHER DISBURSEMENTS	--	--
22. TOTAL DISBURSEMENTS (add 17, 18, 19(c), 20(d) and 21)	5,891.28	5,891.28

III. CASH SUMMARY

23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD	\$ 0.00	
24. TOTAL RECEIPTS THIS PERIOD (from Line 16)	\$ 110,735.00	
25. SUBTOTAL (add Line 23 and Line 24)	\$ 110,735.00	
26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22)	\$ 5,891.28	
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (subtract Line 26 from 25)	\$ 104,843.72	

99043852879

LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS

NAME OF COMMITTEE (IN FULL) Robert Bunda for Congress		FEC IDENTIFICATION NUMBER	
FULL NAME, MAILING ADDRESS AND ZIP CODE OF LENDING INSTITUTION (LENDER) Bank of Hawaii 111 S. King Street Honolulu, HI 96813		AMOUNT OF LOAN 100,000.00	INTEREST RATE (APR) Variab 10.25 Prime - 2 nd
		DATE INCURRED OR ESTABLISHED 6/28/96	DATE DUE 7/1/97

A. Has loan been restructured? No Yes If yes, date originally incurred: _____

B. If line of credit, amount of this draw: 100,000.00; total outstanding balance: 100,000.00

C. Are other parties secondarily liable for the debt incurred?
 No Yes (Endorsers and guarantors must be reported on Schedule C.)

D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral?
 No Yes if yes, specify: _____

What is the value of this collateral? _____

Does the lender have a perfected security interest in it? No Yes

E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan?
 No Yes If yes, specify: Future Contributions & Cash on Hand After Election What is the estimated value? 100,000.00

A depository account must be established pursuant to 11 CFR 100.7(b)(11)(i)(B) and 100.8(b)(12)(i)(B). Date account established: 7/1/96 Location of account: Bank of Hawaii 0001-081683

F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.

G. COMMITTEE TREASURER		DATE
TYPED NAME Richard A. von Gnechten	SIGNATURE	7/15/96

H. Attach a signed copy of the loan agreement.

I. TO BE SIGNED BY THE LENDING INSTITUTION:

- i. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above.
- ii. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness.
- iii. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set forth at 11 CFR 100.7(b)(11) and 100.8(b)(12) in making this loan.

AUTHORIZED REPRESENTATIVE	TITLE	DATE
TYPED NAME JOHN THIRK	VP and Sales & Loans Mgr	7/15/96

9041852810

SCHEDULE C
(Revised 3/80)

LOANS

Page 1 of 1 for
LINE NUMBER 13(a)
Use separate schedules
for each numbered line

Name of Committee (in Full)

Robert Bunda for Congress

A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Bank of Hawaii 111 S. King Street Honolulu, HI 96813	100,000.00	0	100,000.00
Election: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General Other (specify):			

Terms: Date Incurred 6/28/96 Date Due 7/1/97 Interest Rate 10.25% (Prime +2% Var) Secured

List All Endorsers or Guarantors (if any) to Item A

1. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$
Robert Bunda 1745 Royal Palm Drive Wahiawa, HI 96786	Self-Employed	Insurance	\$ 100,000.00
2. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$
3. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General Other (specify):			
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ (Prime) Secured			

List All Endorsers or Guarantors (if any) to Item B

1. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$
2. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$
3. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$

SUBTOTALS This Period This Page (optional) _____

TOTALS This Period (last page in this line only) _____

100,000.00

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

28047852811

MASTER NOTE

\$ 100,000.00

June 20, 1996

1. Promise to Pay and Interest Rate. The undersigned ("Borrower") promises to pay to the order of BANK OF HAWAII ("Bank") the principal amount of \$ 100,000.00, or so much thereof as shall have been disbursed by the Bank and may remain outstanding, together with interest on outstanding balances of principal at an annual rate selected below (applicable as checked and filled in):

- a floating rate 2.00 percentage points above the Base Rate in effect from time to time.
- a floating rate _____ percentage points above the highest annual rate of interest paid by the Bank from time to time on the type of deposit account which secures this note.
- other _____

Any floating rate selected above will increase or decrease during the term of this Note if there is an increase or decrease in the rate to which the floating rate is tied. If the rate to which the floating rate is tied is no longer available, Bank will choose a new rate that is based on comparable information.

2. Payment Schedule. Principal and interest shall be paid as follows (applicable as checked and filled in):

- Interest monthly beginning 30 days from the first disbursement and on the same day of each subsequent month.
- The principal amount of each Loan evidenced by this Note, together with accrued interest on that Loan, shall be paid in full within _____ days of the disbursement of such Loan.
- _____

All principal and accrued interest under this Note shall be paid in full on or before the "Credit Termination Date", as that term is defined in the Revolving Credit Line Agreement described in paragraph 3, below.

3. Evidence of Revolving Loans. This Note evidences loans or other extensions of credit (for convenience, "Loans") made or to be made by the Bank to the Borrower under a Revolving Credit Line Agreement, including all renewals, extensions and modifications thereto, between the Bank and the Borrower dated the date of this Note (the "Revolving Credit Line Agreement"), under which the Borrower may obtain Loans, repay or prepay the Loans without penalty, and obtain additional Loans, in principal amounts not exceeding, in the aggregate principal amount at any one time outstanding, the face amount of this Note. The Bank's records evidencing the date of disbursement and principal amount of each such Loan and the amounts of all repayments of principal and payments of interest on each such Loan shall constitute prima facie evidence of the making and repayment of such Loans and of the payment of such interest. However, the Bank's making of erroneous notations in its records shall not affect the Borrower's obligation to repay outstanding balances of principal under this Note, and accrued interest thereon, as provided in this Note.

4. Computation of Interest. Interest shall be computed on the basis of the actual number of days elapsed between payments and on the basis of 360-day year (or in leap years, on the basis of a 365-day year).

5. Currency, Place and Dates of Payments. Payments under this Note shall be made in United States money at the Bank's branch office stated above, or at such other place as the holder of this Note shall have designated by written notice to the Borrower. Any payment due on a day that is not a Banking Day shall be made on the next succeeding Banking Day and the extension of time shall be included in the computation of interest.

6. Joint and Several Liability. If more than one Borrower has signed this Note, all Borrowers shall be liable under this Note jointly, and each of them severally, for the payment of all indebtedness evidenced by this Note.

7. Events of Default. Each of the following events is an Event of Default under this Note: (a) the Borrower's failure to pay when due any sum payable to the Bank under this Note or under any other agreement or note between the Bank and the Borrower, whether now existing or hereafter executed; or (b) the Borrower's failure to perform any other obligation of the Borrower to the Bank (including, without limitation, all obligations undertaken in any of the Credit Documents); or (c) any person or organization that guaranteed payment of this Note (a "Guarantor") derives liability under, or attempts to revoke, the guaranty; or (d) death, dissolution or insolvency of the Borrower or a Guarantor; or (e) commencement of any proceeding or the taking of any act by or against the Borrower or a Guarantor for any relief under bankruptcy, insolvency or similar laws for the protection of debtors, or for the appointment of a receiver of the business or assets of the Borrower or a Guarantor or the Borrower's or a Guarantor's inability (or admission of inability) to pay his, her or its debts as they become due; or (f) the Borrower's failure to pay any material debt owed by the Borrower to any person or entity other than the Bank, if such failure results in the acceleration of such debt; or (g) any representation, warranty or other information made or furnished by the Borrower or a Guarantor in respect of the loan evidenced by this Note is or shall be untrue or materially misleading; or (h) the Bank reasonably believes there has been a material impairment of or decrease in either the Borrower's ability to pay this Note or the value of any collateral given to secure payment of this Note.

98043852812

98043852813

immediately become due and payable. Time is of the essence. This Note shall bear interest at a rate three percentage points above the rate otherwise applicable under this Note, from and after the maturity of this Note, whether or not resulting from acceleration.

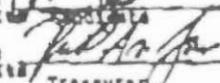
- 9. Late Charges. If any payment under this Note is not made when it becomes due, the Borrower will pay to the Bank a late charge in respect of that payment, in the amount of _____% of the overdue payment.
- 10. Bank's Expenses. The Borrower will pay on demand all of the Bank's expenses, including reasonable attorneys' fees, arising out of or related to the protection or enforcement of the Bank's rights under this Note or any other of the Credit Documents, whether or not an Event of Default shall have occurred and whether or not legal proceedings are commenced.
- 11. Bank's Right of Setoff; Security Interest in Accounts. At any time the Bank may set off obligations owed by the Bank to the Borrower (such as balances in checking and savings accounts) against amounts due under this Note or the other Credit Documents whether or not an Event of Default shall have occurred or shall have been declared, without first resorting to other collateral securing payment of this Note. To secure this Note, the Borrower grants to the Bank a security interest in all checking, savings and other deposit accounts now or hereafter maintained by the Borrower with the Bank.
- 12. Limitation on Payments. In no event shall the Borrower be obligated to pay any amount under this Note that exceeds the maximum amount allowable by law. If any sum is collected in excess of the applicable maximum amount allowable by law, the excess collected shall, at the Bank's discretion, be applied to reduce the principal balance of this Note or returned to the Borrower.
- 13. Application of Payments. Payments under this Note may be applied by the Bank to the indebtedness evidenced by this Note in any manner the Bank deems appropriate.
- 14. Waivers. The Borrower (and each of them, if more than one) waives presentment, demand for payment, notice of dishonor, and any and all other notices or demands in connection with the delivery, acceptance, performance or enforcement of this Note, and consents to any extension of time (and even multiple extensions of time for longer than the original term), renewal, release of any person or organization liable for the payment of this Note, and waivers or modifications of other indulgences that may be granted or consented to by the Bank in respect of the Loans evidenced by this Note.
- 15. Severability. If any provision of this Note is invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Note that can be given effect. The provisions of this Note are severable.
- 16. Definitions. As used in this Note:
 - (a) "Banking Day" means any day on which the Bank is open to the public for carrying on substantially all of its banking functions; and
 - (b) "Base Rate" means the primary index rate established from time to time by the Bank in the ordinary course of its business and with due consideration of the money market, and published by intrabank memoranda for the guidance of its loan officers in pricing all of its loans which float with the Base Rate.
 - (c) "Credit Documents" means all agreements and documents evidencing, securing or otherwise pertaining in any respect to the loans or other extensions of credit evidenced by this Note.
- 17. Binding Effect. This Note shall inure to the benefit of, and shall be binding on, the Bank and its successors and assigns and the Borrower and its heirs, personal representatives, successors and permitted assigns.
- 18. Governing Law. This Note shall be governed by the laws of the State of Hawaii.
- 19. Dispute Resolution.
 - (a) Any controversy or claim arising out of or relating to this Note or any of the other Credit Documents, shall, at the request of either party, be determined by arbitration in accordance with Chapter 88B of the Hawaii Revised Statutes and the Commercial Arbitration Rules of the American Arbitration Association. Arbitration proceedings shall be conducted in the State of Hawaii. The prevailing party will be entitled to recover its reasonable attorneys' fees and costs.

Statutes of limitation otherwise applicable will apply to any arbitration proceeding under this Note or any of the other Credit Documents. Any controversy concerning whether an issue is arbitrable will be determined by the arbitrator(s). Judgment upon the arbitration award may be entered in any court having jurisdiction.
 - (b) Subparagraph (a), shall not limit the right of any party to exercise self help remedies such as setoff, to foreclose a mortgage or lien or other security interest by judicial foreclosure or power of sale, in any real or personal property collateral, or to obtain provisional or ancillary remedies such as injunctive relief or the appointment of a receiver from a court having jurisdiction before, during or after the pendency of any arbitration.

The party exercising any such remedy does not waive its right to submit the controversy or claim in question to arbitration.

Borrower:

Robert Buda For Congress

By: 
 By: 
 Treasurer

REVOLVING CREDIT LINE AGREEMENT

Intending to be legally bound by this Revolving Credit Line Agreement ("Agreement"), dated July 18, 1977, BANK OF HAWAII whose mailing address is 111 N. King Street, Honolulu, HI 96813 (the "Bank") and Robert Bunda for Consignor, whose mailing address is 111 Bishop Street 170-81, Honolulu, HI 96813 (the "Borrower") agree as follows:

I. Revolving Credit

- 1.01 In General. Subject to the terms of this Agreement, the Bank hereby establishes a credit facility in favor of Borrower (the "Credit Facility") under which the Bank will extend credit to the Borrower in the permitted forms of drawing from time to time until June 30, 1977 (the "Credit Termination Date"). In such sums as the Borrower may request, but which shall not exceed \$ 100,000.00 in the aggregate principal amount of any one time outstanding (the "Commitment"). The Borrower may obtain credit, repay without penalty and obtain further credit as provided for under this Agreement, from the date hereof until the Credit Termination Date, in either the full amount of the Commitment or any lesser sum.
1.02 Drawings. Borrower may draw on the Commitment in the following manner(s): Advances evidenced by a master note, even date promissory note.
1.03 Purpose. The proceeds of the loans or other extensions of credit under the Credit Facility shall be used exclusively for business purposes.
1.04 Security. The Credit Facility shall be secured by liens on or security interests in the following collateral ("Collateral Security") which liens or security interests shall be of first priority unless otherwise approved by the Bank: Assignment of Accounts Receivable and/or Inventory.
1.05 Guarantors. Repayment of all loans or other extensions of credit under the Credit Facility shall be jointly, several and unconditionally and absolutely guaranteed by the following persons and/or entities ("Guarantors"): Robert Bunda.
1.06 Requests for Loans or Credit. In respect of each loan or other extension of credit to be made pursuant to this Agreement, the Borrower shall give to the Bank at least one Banking Day's telephonic notice of the Borrower's request therefor (in the case followed by a confirmation in writing), specifying the date of such extension of credit, which shall be a Banking Day; the method of drawing, and the principal amount of the credit requested. Unless otherwise directed in writing by the Borrower, proceeds of loan advances under this Agreement shall be credited to the Borrower's Deposit Account No. 93-677721 maintained with the Bank.
1.07 Repayment of Loan Advances; Clean-Ups. The following provisions are applicable, as "X" or "Y" and initialed by the Borrower or Borrower's representative.
(a) [] The Borrower will repay to the Bank the principal amount of each loan advance under the Credit Facility together with all accrued interest thereon, within ___ days of the disbursement of such loan or extension of such credit.
(b) [X] All principal and accrued interest then outstanding under the Credit Facility, not required to have been previously paid, shall be paid in full on or before the Credit Termination Date.
(c) [] The Borrower will, within the initial and each successive period of 12 months, pay in full all principal and accrued interest outstanding under the Credit Facility, and observe a "clean-up" period of 30 consecutive days in which no additional loans or extensions of credit shall be requested under the Credit Facility.
1.08 Fees. In respect of the Credit Facility evidenced by this Agreement, the Borrower shall pay on demand to the Bank the following fees: None.
1.09 Evidence of Indebtedness; Credit Documents. The Credit Facility is or is to be evidenced and/or secured by this Agreement and all such other documents as Bank may require from time to time to effectuate the intent of this Agreement together with all renewals, extensions and modifications thereto (collectively the "Credit Documents").
1.10 Borrower's Obligations. The Borrower's obligations to pay, observe and perform all indebtedness, liabilities, covenants and other obligations on the part of the Borrower to be paid, observed and performed under this Agreement and the remainder the Credit Documents are herein collectively called the "Obligations".

II. Conditions Precedent

- 2.01 First Loan or Extension of Credit. The obligation of the Bank to make the first extension of credit under this Agreement subject to the satisfaction of all of the following conditions on or before the date on which the Bank shall grant such loan or extend such credit (the "Closing Date"):
(a) Documents Required for the Closing. The Bank shall have received, in each case in form and substance satisfactory to the Bank, such fully executed originals or certified copies as the Bank may have requested of each of the following each case as amended through the Closing Date:
(1) Credit Documents. All of the Credit Documents;
(2) Consents. Evidence that all parties to the Credit Documents (except the Bank) have obtained all necessary and appropriate authority, approvals and consents to execute and deliver the Credit Documents;
(3) Organizational Documents. If any party to the Credit Documents (except the Bank) is a corporation, partnership, trust, association or other recognized legal entity other than a natural person (a "Legal Entity"), instruments pursuant to which such Legal Entity was organized and by which its internal affairs are governed, and, if requested by the Bank, a Certificate of Good Standing, evidencing such Legal Entity's good standing as a entity to conduct its business in the jurisdiction(s) in which it conducts its business;
(4) Evidence of Priority. Evidence acceptable to the Bank that the Bank's liens on and/or security interests in the Collateral Security described above in Section 1.04 have the priority required by the Bank;
(5) Title Insurance, Leasehold Instruments, etc. If the security for the Credit Facility includes a real estate mortgage lien, (i) an ALTA Form Lender's Title Insurance Policy in an amount required by the Bank, assuring the Bank the validity and agreed-upon priority of its mortgage lien, and containing such endorsements as Bank may require, and (ii) if said mortgage lien encumbers a leasehold estate, the applicable Lease, a lessor's consent to the mortgage, and a lessor's estoppel certification evidencing that the Lease is in full force and effect and free of default, and (iii) an Agreement Regarding Hazardous Materials, in the form customarily required by the Bank upon the closing of commercial mortgage loans;
(6) Opinion(s) of Counsel. An opinion or opinions of counsel for the Borrower and any Guarantor, addressed to the Bank, covering to the Bank's satisfaction (i) the due authorization, execution, delivery, binding effect, and enforceability of the Credit Documents, (ii) no undisclosed litigation, (iii) no consents or approvals required, no conflicts with any agreement or laws, and (iv) such other matters as Bank may require;
(7) Tax Clearance Certificates. If requested, a tax clearance certificate, issued by the Department of Taxation of the State of Hawaii, evidencing that all taxes due from the Borrower to the State of Hawaii have been paid, and

98043852814

- (8) Insurance. If the Credit Facility is secured by real or personal properties, evidence of the Borrower's compliance, in respect of such properties, with the provisions stated below in Section 4.06, and
- (9) Other, n/a.
- (b) Certain Other Events. On the Closing Date:
- (1) The Borrower shall have paid to the Bank the Origination Fee described in Section 1.08 above;
 - (2) No event shall have occurred and be continuing that (i) constitutes an Event of Default, or (ii) with the giving of notice or passage of time, or both, would constitute such an Event of Default;
 - (3) No material adverse change shall have occurred in the financial condition of the Borrower since the date of the most recent of the Borrower's financial statements submitted to the Bank;
 - (4) No material adverse change shall have occurred in the physical condition of the Borrower's assets since the date of this Agreement; and
 - (5) All legal matters incidental to the Closing shall be satisfactory to legal counsel for the Bank.
- 2.02 Subsequent Loans or Extensions of Credit. The obligation of the Bank to make the second or any subsequent loan or extension of credit under this Agreement is subject to (a) the prior satisfaction of all conditions stated above in Section 2.01 and (b) the satisfaction as of the date of such subsequent loan or other extension of credit of all conditions stated above in Sections 2.01(h)(2) through 2.01(h)(5) of this Agreement, and (c) the delivery to the Bank of such additional Credit Documents as may have been reasonably requested by the Bank in respect of the loan or other extension of credit then requested.

III. Representations and Warranties

- 3.01 Original. To induce the Bank to make the Commitment available to the Borrower, the Borrower represents and warrants to the Bank as follows:
- (a) Organization. The Borrower, if it is a Legal Entity, as well as each Legal Entity comprising the Borrower, is a duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has the power to own its properties and to engage in the business it conducts;
 - (b) No Breach. The execution and performance of the Credit Documents will not immediately, or with the passage of time, or the giving of notice, or both, (1) violate any law or result in a default under any contract, agreement, or instrument to which the Borrower is a party or by which the Borrower or its property is bound, or (2) result in the creation or imposition of any security interest in, or lien or encumbrance on, any of the assets of the Borrower, except in favor of the Bank;
 - (c) Authorization. The Borrower has the power and authority to incur and perform the Obligations, and, if the Borrower is a Legal Entity, the Borrower has taken all corporate, partnership or other action necessary to authorize the execution and delivery of the Credit Documents and its incurring of the Obligations;
 - (d) Validity. This Agreement is, and the remainder of the Credit Documents when delivered will be, legal, valid, binding and enforceable in accordance with their respective terms;
 - (e) Financial Statements. All financial statements heretofore given by the Borrower to the Bank, including any schedules and notes pertaining thereto, were prepared in accordance with generally accepted accounting principles consistently applied, and fully and fairly present the financial condition of the Borrower at the dates thereof and the results of operations for the periods covered thereby, and as of the date of this Agreement there have been no material adverse changes in the financial condition or business of the Borrower from the date of the most recent financial statements given to the Bank;
 - (f) Taxes. Except as otherwise permitted by this Agreement, the Borrower has filed all tax returns it was required by law to have filed prior to the date of this Agreement, has paid or caused to be paid all taxes, assessments and governmental charges that were due and payable prior to the date of this Agreement, and has made adequate provision for the payment of such taxes, assessments or other charges accruing but not yet payable, and the Borrower has no knowledge of any deficiency or additional assessment in a materially important amount in connection with any tax, assessments or charges not provided for on its books;
 - (g) Compliance With Law. Except to the extent that the failure to comply would not materially interfere with the conduct of the business of the Borrower, the Borrower has complied with all applicable laws in respect of (1) its products, specifications, or other requirements pertaining to products that the Borrower sells or to the services it performs, (2) the conduct of its business, and (3) the use, maintenance, and operation of its properties;
 - (h) Statements and Omissions. No representation or warranty by the Borrower contained in this Agreement or in any certificate or other document furnished by the Borrower pursuant to this Agreement contains any untrue statement of material fact or omits to state a material fact necessary to make such representation or warranty not misleading in the circumstances under which it was made; and
 - (i) Other, n/a.
- 3.02 Survival. All representations and warranties stated above in Section 3.01 shall survive until all the Obligations shall have been satisfied in full.

IV. Affirmative Covenants

For so long as the Commitment or any of the Obligations remains outstanding, the Borrower will, unless otherwise permitted by the Bank in writing:

- 4.01 Payments. Punctually pay when due all sums which may be due under the Credit Documents.
- 4.02 Accounting Records. Maintain accurate and proper accounting records and books in accordance with generally accepted accounting principles consistently applied, and provide the Bank with access to such books and accounting records at the Bank's request during normal business hours.
- 4.03 Financial Reporting. Furnish the Bank with financial reports, certified as true and correct by the Borrower, in reasonable form and approved by the Bank, as follows:
 - (a) Not later than 90 days after and as of the end of each fiscal year a _____ financial statement of Borrower including _____ prepared by _____;
 - (b) Not later than 90 days after and as of the end of _____ a financial statement prepared by Borrower and sent to the Bank, including _____;
 - (c) Other, Monthly statements of actual fund-raiser receipts collected and poets expenses; and
 - (d) From time to time such other information as the Bank may reasonably request.
- 4.04 Existence. If the Borrower is a Legal Entity, preserve and maintain Borrower's legal existence as a business entity and (i) file all necessary and appropriate documents and exhibits and pay all appropriate fees and charges in connection therewith;
- 4.05 Observance of Laws. Conduct Borrower's business activities in an orderly, efficient and regular manner and comply with requirements of all applicable state, federal and local laws, rules and regulations.
- 4.06 Insurance. Maintain and keep in force insurance of the type and in such amounts as are satisfactory to the Bank, and in event less than amounts customarily carried in lines of business similar to Borrower's, including but not limited to, fire, liability, property damage and worker's compensation insurance, and provide the Bank with a schedule or schedules, certificates of insurance from time to time setting forth all insurance then in effect along with copies of all such policies.

98043852815

If the Credit Facility is secured by real or personal property, such properties shall be covered by fire with extended coverage and other hazard insurance policies acceptable to the Bank, and such policies shall contain endorsements naming the Bank as loss payee and shall require 30 days' prior written notice to the Bank of any cancellation or material change in coverage.

All insurance required by this Agreement shall be in valid and enforceable insurance policies issued by companies authorized to do business in the State of Hawaii. This Agreement and constitutions written notice to the Borrower from the Bank that the Bank may not make the granting of any loan or extension of credit hereunder contingent on the procuring of insurance from any insurance company designated by the Bank.

- 4.07 Facilities. Keep all of Borrower's property and business premises in a good state of repair and condition and make a necessary repairs, renewals and replacements thereto from time to time so that such property and business premises shall be fully and amply preserved and maintained, and keep such property and business premises free and clear of all liens, charges or encumbrances except those consented to by the Bank in writing.
- 4.08 Taxes and Other Liabilities. Pay and discharge when due all of Borrower's indebtedness, obligations, assessments and taxes, except such as the Borrower may in good faith contest or as to which a bona fide dispute may exist, provided that the Borrower has provided evidence satisfactory to the Bank regarding the Borrower's ability to pay the disputed items in the event they are determined to be justly due.
- 4.09 Notice to Bank. Promptly give notice to the Bank of (a) the occurrence of any Event of Default, (b) any change in the name or organizational structure of the Borrower, (c) any uninsured loss through fire, theft, liability or property damage exceeding \$100,000, (d) any pending or threatened litigation involving the Borrower or any security for the Obligations exceeding \$100,000 which could have a material adverse effect on the ability of the Borrower to continue its business operations in the ordinary course, (f) any change in the Borrower's principal place of business, and (g) any change in the location of any collaterals securing the Obligations.
- 4.10 Financial Condition. Maintain the Borrower's financial condition according to the following standards:
 - (a) Working capital of not less than \$100,000;
 - (b) Current ratio of not less than 1.0 to one;
 - (c) Net worth of not less than \$100,000; and
 - (d) Debt to worth ratio of not more than 1.0 to one.
- 4.11 Hazardous Materials. Abide at all times by all applicable hazardous material laws, rules and regulations and immediately notify the Bank of any claim or threatened claim affecting any property owned, leased or occupied by the Borrower.
- 4.12 Other. N/A.

V. Negative Covenants

For so long as the Commitment or any of the Obligations remains outstanding, the Borrower will not, without the prior written consent of the Bank:

- 5.01 Use of Funds. Use any of the proceeds of the Commitment for any purpose except as set forth in Section 1.02 of this Agreement.
- 5.02 Capital Expenditure Limitation. Make any additional investment in fixed assets in any one fiscal year in excess of an aggregate of \$100,000.
- 5.03 Lease Expenditure Limitation. Incur any obligations for the lease or use of real or personal property in any one fiscal year in excess of an aggregate of \$100,000.
- 5.04 Other Indebtedness. Create, incur or permit to exist any liabilities resulting from borrowing, loans or advances, secured or unsecured, except for the liabilities of the Borrower to the Bank under this Agreement, and no exceptions. Unless this provision is waived as provided below, the Borrower acknowledges that Bank has reasonably determined in good faith, and has informed the Borrower, that the Borrower's compliance with this Section 5.04 is reasonably necessary to assure the soundness of the Credit Facility described in this Agreement.
 If this box is checked and initialed by a Bank officer, the Bank has waived Borrower's compliance with this Section 5.04.
- 5.05 Merger, Consolidation, Sale of Stock or Assets. Merge into or consolidate with any Legal Entity, acquire or establish any operating subsidiaries or acquire all or substantially all of the capital stock or assets of any other Legal Entity, or (unless the Borrower is a publicly-held Legal Entity) sell, or permit to be sold, assigned, pledged or transferred, any interest in the Borrower or Legal Entities comprising the Borrower or any of its operating subsidiaries, or sell, assign, transfer, pledge, mortgage, or otherwise dispose of all or substantially all of the major assets of the Borrower, except in the ordinary course of its business.
- 5.06 Guarantees. Guarantee or become liable in any way as a surety, endorser (other than in the ordinary course of business), or accommodation endorser or otherwise for the debt or obligation of any person or entity except N/A.
- 5.07 Loans, Advances, Investments. Make any loans or advances to or investments in any person or entity in any one fiscal year exceeding \$100,000.
- 5.08 Business. Materially change the character of the Borrower's current business, or engage in any type of business other than the Borrower's current business.
- 5.09 Dividends. If the Borrower is a Legal Entity, and not a publicly-held Legal Entity, declare or pay any dividends or partnership distributions of any kind, or redeem, retire, purchase or otherwise acquire shares of any class of the Borrower's stock or any partnership interest therein except N/A.
- 5.10 Salaries. Increase the salary or other compensation of any officer or director of Borrower above the present level of such salary or other compensation as of the Closing Date, except N/A.
- 5.11 Other. N/A.

VI. Bank's Rights Upon Default

- 6.01 Events of Default. Each of the following events is an "Event of Default" under this Agreement: (a) the Borrower's failure to pay when due any sum payable to the Bank under the Credit Documents or under any other agreement or note between the Bank and the Borrower, whether now existing or hereafter executed; or (b) the Borrower's failure to perform any other obligation of the Borrower to the Bank (including, without limitation, all obligations undertaken in any of the Credit Documents); or (c) any person or organization that guaranteed payment of the Obligations (a "Guarantor") denies liability under, or attempts to revoke, the guaranty; or (d) death, dissolution or insolvency of the Borrower or a Guarantor; or (e) commencement of any proceeding or the taking of any act by or against the Borrower or a Guarantor for any relief under bankruptcy, insolvency or similar laws for the protection of debtors, or for the appointment of a receiver of the business or assets of the Borrower or a Guarantor or the Borrower's or a Guarantor's inability (or admission of inability) to pay his, her or its debts as they become due; or (f) the Borrower's failure to pay any material debt owed by the Borrower to any person or entity other than the Bank, if such failure results in the acceleration of such debt; or (g) any representation, warranty or other information made or furnished by the Borrower or a Guarantor in respect of the Credit Facility evidenced by the Credit Documents is or shall be untrue or materially misleading; or (h) the Bank reasonably believes there has been a material impairment of or decrease in either the Borrower's ability to pay the Obligations or the value of any collateral given to secure payment of the Obligations.
- 6.02 Bank's Rights. If an Event of Default shall occur and be continuing the Bank shall have, in addition to any rights it may have under the Credit Documents, or any of them, the following additional rights and remedies:

98043852816

- (a) The absolute right to file to the Borrower any further disbursement of loan proceeds or extension of credit (the Bank obligation to extend any further credit to the Borrower shall immediately terminate); and
- (b) The Bank may exercise any and all other rights, remedies, legal or equitable, available to the Bank under any and all of the Credit Documents or at law.

VI. Miscellaneous

- 7.01 **Further Assurance.** From time to time within five days after the Bank's demand, the Borrower will execute and deliver such additional documents and provide such additional information as may be reasonably requested by the Bank to carry out the intent of this Agreement.
- 7.02 **Enforcement and Waiver by the Bank.** The Bank shall have the right at all times to enforce the provisions of the Credit Documents, as they may be amended from time to time, in strict accordance with their terms, notwithstanding any conduct or custom on the part of the Bank in refraining from so doing at any time or times. The failure of the Bank at any time or times to enforce its rights under such provisions, strictly in accordance with the terms, shall not be construed as having waived or custom in any way or manner contrary to specific provisions of the Credit Documents or as having in any way or manner modified or waived the same. All rights and remedies of the Bank are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.
- 7.03 **Expenses of the Bank.** The Borrower will, on demand, reimburse to the Bank all reasonable expenses, including reasonable attorneys' fees, incurred by the Bank in connection with the administration, amendment, modification, or enforcement of the Credit Documents and the collection or attempted collection of the indebtedness evidenced by the Credit Documents, whether or not legal proceedings are commenced.
- 7.04 **Notices.** Any notices or consents required or permitted by this Agreement or the remainder of the Credit Documents shall be in writing and shall be deemed delivered if delivered in person or if sent by certified mail, postage prepaid, return receipt requested, or by FAX, at the addresses noted above, unless such address is changed by written notice hereunder.
- 7.05 **Waiver and Release by the Borrower.** To the maximum extent permitted by applicable law, the Borrower:
 - (a) Waives notice and opportunity to be heard, after acceleration of the indebtedness evidenced by the Credit Documents, before exercise by the Bank of the remedy of cutoff or of any other remedy or procedure permitted by any applicable law or by any prior agreement with the Borrower, and, except where specifically required by this Agreement or by any applicable law, notice of any other action taken by the Bank; and
 - (b) Releases the Bank and its officers, agents and employees from all claims for loss or damage caused by any act or omission on the part of any of them except willful misconduct.
- 7.06 **Participations.** The Borrower consents to the Bank's negotiation, offer and sale to other lenders ("Participants") of participations in the Credit Facility, to any and all discussions and agreements heretofore or hereafter made between the Bank and any Participant or prospective Participant regarding the interest rate, fees and other terms and provisions applicable to the Credit Facility, and to the Bank's disclosure to any Participant or prospective Participant, from time to time, of such financial and other information pertaining to the Borrower and the Credit Facility as the Bank and such Participant or prospective Participant may deem appropriate (whether public or non-public, confidential or non-confidential, and including information relating to any insurance required to be carried by the Borrower and any financial or other information bearing on the Borrower's creditworthiness and the value of any collateral given to secure the Credit Facility). The Borrower acknowledges that the Bank's disclosure of such information to any Participant or prospective Participant constitutes an ordinary and necessary part of the process of effectuating and servicing the Credit Facility.
- 7.07 **Applicable Law.** The substantive laws of the State of Hawaii shall govern the construction of this Agreement and the rights and remedies of the parties hereto.
- 7.08 **Binding Effect.** This Agreement shall inure to the benefit of, and shall be binding on, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.
- 7.09 **Merger.** This Agreement and the remainder of the Credit Documents constitute the full and complete agreement between the Bank and the Borrower with respect to the Credit Facility, and all prior oral and written agreements, commitments and undertakings shall be deemed to have been merged into the Credit Documents and such prior oral and written agreements, commitments and undertakings shall have no further force or effect except to the extent expressly incorporated in the Credit Documents.
- 7.10 **Amendments; Consents.** No amendment, modification, supplement, termination, or waiver of any provision of this Agreement or of the other Credit Documents, and no consent to any material departure by the Borrower therefrom, may in any event be effective unless in writing signed by the Bank, and then only in the specific instance and for the specific purpose given.
- 7.11 **Assignments.**
 - (a) The Borrower shall have no right to assign any of its rights or obligations under the Credit Documents without the prior written consent of the Bank.
 - (b) The Bank may sell participations in the Credit Facility, as contemplated by Section 7.06 above, and the Bank may assign the Credit Documents (or the receivables evidenced thereby) to a Federal Reserve Bank or to any other agent or instrumentality of the United States of America to support borrowings of Federal Funds.
- 7.12 **Severability.** If any provision of any of the Credit Documents shall be held invalid under any applicable law, such invalidity shall not affect any other provision of the Credit Documents that can be given effect without the invalid provision, and, to the end, the provisions of the Credit Documents are severable.
- 7.13 **Bank's Right of Setoff; Security Interest in Accounts.** At any time, the Bank may set off obligations owed by the Bank to the Borrower (such as balances in checking and savings accounts) against the Obligations, whether or not an Event of Default shall have occurred or shall have been declared, and without first resorting to other collateral securing payment of the Obligations. To secure the Obligations, the Borrower grants to the Bank a security interest in all checking, savings and other deposit accounts now or hereafter maintained by the Borrower with the Bank.

7.14 Time is of the Essence. Time is of the essence under and in respect of this Agreement.
7.15 Joint and Several Liability. If more than one Borrower has signed this Agreement, all Borrowers shall be liable under Agreement jointly, and each of them severally, for payment, observance and performance of all of the Obligations.

WITNESS WHEREOF, the Borrower and the Bank have executed this Agreement.

Robert [unclear] for Congress
By: [Signature]
Re: Candidate
By: [Signature]
Re: Treasurer
Borrower

BANK OF HAWAII
By: [Signature]
Re: Sales and Loans Manager
Bank

98043852818



REPORT OF RECEIPTS AND DISBURSEMENTS

For Authorized Committee
(Primary Page)

USE FEC MAILING LABEL
OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full) Robert Bunda for Congress		2. FEC IDENTIFICATION NUMBER C00317719	
ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported. 733 Bishop Street, Suite 170-91		3. IS THIS REPORT AN AMENDMENT? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
CITY, STATE and ZIP CODE Honolulu, HI 96813	STATE/DISTRICT HI/02		

4. TYPE OF REPORT

<input type="checkbox"/> April 15 Quarterly Report	<input type="checkbox"/> Twelfth day report preceding _____ (Type of Election)
<input type="checkbox"/> July 15 Quarterly Report	election on _____ in the State of _____
<input checked="" type="checkbox"/> Pre-primary Report October 15 Quarterly Report	<input type="checkbox"/> Thirtieth day report following the General Election on _____ in the State of _____
<input type="checkbox"/> January 31 Year End Report	
<input type="checkbox"/> July 31 Mid-Year Report (Non-election Year Only)	<input type="checkbox"/> Termination Report

This report contains activity for Primary Election General Election Special Election Runoff Election

SUMMARY

5. Covering Period	COLUMN A This Period	COLUMN B Calendar Year-to-Date
July 1, 1996 through Sept 1, 1996		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))	62,390.00	73,125.00
(b) Total Contribution Refunds (from Line 20(d))	100.00	100.00
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	62,290.00	73,025.00
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	94,601.38	100,492.66
(b) Total Offsets to Operating Expenditures (from Line 14)	--	--
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	94,601.38	100,492.66
8. Cash on Hand at Close of Reporting Period (from Line 27)	9,574.55	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	--	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	--	

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800-424-9530
Local 202-219-3420

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer Richard A. von Gnechten	Date 9/6/96
Signature of Treasurer <i>Richard A. von Gnechten</i>	

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

FEC FORM 3
(revised 4/87)

98047852819

DETAILED SUMMARY

of Receipts and Disbursements

(Page 2, FEC FORM 3)

Name of Committee (in full)
Robert Bunda for Congress

Report Covering the Period
From 7/1/96 To 9/1/96

I. RECEIPTS	COLUMN A Total This Period	COLUMN B Calendar Year-To-Date
11. CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees		
(i) Itemized (use Schedule A)	36,450.00	
(ii) Unitemized	17,190.00	
(iii) Total of contributions from individuals	53,640.00	64,375.00
(b) Political Party Committees	--	--
(c) Other Political Committees (such as PACs)	8,750.00	8,750.00
(d) The Candidate	--	--
(e) TOTAL CONTRIBUTIONS (other than loans) (add 11(a)(iii), (b), (c) and (d))	62,390.00	73,125.00
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES	--	--
13. LOANS:		
(a) Made or Guaranteed by the Candidate	37,042.21	137,042.21
(b) All Other Loans	--	--
(c) TOTAL LOANS (add 13(a) and (b))	37,042.21	137,042.21
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)	--	--
15. OTHER RECEIPTS (Dividends, Interest, etc.)	--	--
16. TOTAL RECEIPTS (add 11(e), 12, 13(c), 14 and 15)	99,432.21	210,167.21
II. DISBURSEMENTS		
17. OPERATING EXPENDITURES	94,601.38	100,492.66
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES	--	--
19. LOAN REPAYMENTS:		
(a) Of Loans Made or Guaranteed by the Candidate	100,000.00	100,000.00
(b) Of All Other Loans	--	--
(c) TOTAL LOAN REPAYMENTS (add 19(a) and (b))	100,000.00	100,000.00
20. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees	100.00	100.00
(b) Political Party Committees	--	--
(c) Other Political Committees (such as PACs)	--	--
(d) TOTAL CONTRIBUTION REFUNDS (add 20(a), (b) and (c))	100.00	100.00
21. OTHER DISBURSEMENTS	--	--
22. TOTAL DISBURSEMENTS (add 17, 18, 19(c), 20(d) and 21)	194,701.38	200,592.66

III. CASH SUMMARY

23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD	\$ 104,843.72
24. TOTAL RECEIPTS THIS PERIOD (from Line 16)	\$ 99,432.21
25. SUBTOTAL (add Line 23 and Line 24)	\$ 204,275.93
26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22)	\$ 194,701.38
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (subtract Line 26 from 25)	\$ 9,574.55

0904852820

LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS

NAME OF COMMITTEE (IN FULL) Robert Bunda for Congress		FEC IDENTIFICATION NUMBER C00317719	
FULL NAME, MAILING ADDRESS AND ZIP CODE OF LENDING INSTITUTION (LENDER) Bank of Hawaii 111 S. King St. Honolulu, HI 96813		AMOUNT OF LOAN 100,000.00	INTEREST RATE (APR) 10.25 Var.
		DATE INCURRED OR ESTABLISHED 6/28/96	DATE DUE 7/1/97

9804:852821

A. Has loan been restructured? No Yes If yes, date originally incurred: _____

B. If line of credit, amount of this draw: 35,000.00 ; total outstanding balance: 35,000.00

C. Are other parties secondarily liable for the debt incurred?
 No Yes (Endorsers and guarantors must be reported on Schedule C.)

D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral?
 No Yes If yes, specify: _____

What is the value of this collateral? _____

Does the lender have a perfected security interest in it? No Yes

E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan?

No Yes If yes, specify: Future contributions and _____ What is the estimated value? 100,000.00
 cash on hand after election

A depository account must be established pursuant to 11 CFR 100.7(b)(11)(i)(B) and 100.8(b)(12)(i)(B). Date account established: 7/1/96 Location of account: Bank of Hawaii 0001-081683

F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.

G. COMMITTEE TREASURER

TYPED NAME Richard A. von Gnechten

Richard A. von Gnechten
SIGNATURE

DATE

9/6/96

H. Attach a signed copy of the loan agreement.

I. TO BE SIGNED BY THE LENDING INSTITUTION:

I. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above.

II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness.

III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set forth at 11 CFR 100.7(b)(11) and 100.8(b)(12) in making this loan.

AUTHORIZED REPRESENTATIVE

JOHN TAIRA

TYPED NAME

John Taira
SIGNATURE

TITLE

VP, Sales & Loans Mgr

DATE

9/6/96

Name of Committee (in Full)

Robert Bunda for Congress

A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Bank of Hawaii 111 S. King Street Honolulu, HI 96813	100,000.00	65,000.00	35,000.00
Election: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred <u>6/28/96</u> Date Due <u>7/1/97</u> Interest Rate <u>10.25</u> <small>per year</small> <input type="checkbox"/> Prime <input type="checkbox"/> <input type="checkbox"/> Fixed			

List All Endorsers or Guarantors (if any) to Item A

1. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$
Robert Bunda 1745 Royal Palm Drive Wahiawa, HI 96786	Self-Employed	Insurance	35,000.00
2. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$
3. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Robert Bunda 1745 Royal Palm Drive Wahiawa, HI 96786	2,042.21	--	2,042.21
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred <u>8/31/96</u> Date Due <u>--</u> Interest Rate <u>--</u> <small>per year</small> <input type="checkbox"/> Prime <input type="checkbox"/> <input type="checkbox"/> Fixed <input type="checkbox"/> NO			

List All Endorsers or Guarantors (if any) to Item B

1. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$
2. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$
3. Full Name, Mailing Address and ZIP Code	Name of Employer	Occupation	Amount Guaranteed Outstanding \$

SUBTOTALS This Period This Page (optional) 37,042.21

TOTALS This Period (last page in this line only) 37,042.21

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary

98043852822

8087374431V# 2
2024341930
8-13-96 4:17PM
SENT BY: PERKINS COLE DC 3

UNITED STATES HOUSE OF REPRESENTATIVES FINANCIAL DISCLOSURE STATEMENT		FORM B For use by candidates and new employees	
Period Covered: January 1, 199 <u>MAY 15, 1996</u>			
Filer Name: <u>ROBERT BUNDA</u>			
Mailing Address: <u>1745 ROYAL PALM DR. WAHIANA, HAWAII 96786</u>		Home Telephone: <u>808 586-6090</u>	
Filer Status: <input checked="" type="checkbox"/> Candidate for the House of Representatives <input type="checkbox"/> New officer or employee	State: <u>HAWAII</u> District: <u>2ND</u>	Date of Election: <u>9-21-96</u>	Check if Amendment: <input type="checkbox"/>
Employing Office:			

RESOURCE CENTER
96 MAY 17 PM 1:11
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
MAY 15 1996
cc
(Office Use Only)

A \$200 penalty shall be assessed against anybody who files more than 30 days late.

In all sections, please type or print clearly in black ink.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "unearned" income (e.g., salaries or fees) of \$200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IV. Did you hold any reportable positions on or before the date of filing in the current calendar year or in the two prior years? If yes, complete and attach Schedule IV.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
II. Did you, your spouse, or a dependent child receive "unearned" income of more than \$200 in the reporting period or hold any reportable asset worth more than \$1,000 at the end of the period? If yes, complete and attach Schedule II.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	V. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule V.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
III. Did you, your spouse, or a dependent child have any reportable liability (more than \$10,000) during the reporting period? If yes, complete and attach Schedule III.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	VI. Did you receive compensation of more than \$5,000 from a single source in the two prior years? If yes, complete and attach Schedule VI.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS —Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or a dependent child? (See instructions, pages 10-11.)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
EXEMPTION —Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? (See instructions, page 11.)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties (See 5 U.S.C. app. 6, § 104).	
SIGNATURE OF REPORTING INDIVIDUAL: <u>Robert Bunda</u>	DATE (Month/Day/Year): <u>5-9-96</u>

SCHEDULE I—EARNED INCOME (INCLUDING HONORARIA)

List the source, type, and amount of earned income, including honoraria, from any source (other than your current employment by the U.S. Government) totalling \$200 or more during the current year to the filing date and, separately, the preceding calendar year. For a spouse, list the source and amount of any honoraria, list only the source for other spouse earned income exceeding \$1,000. For further information, see Instructions, pages 12-14.

Source (include date of receipt for honoraria)	Type	Amount	
		Current Year to Filing	Preceding Year
<i>Examples</i> XYZ Corporation, Houston, Texas	Salary	\$6,300	\$28,450
First Bank & Trust, Houston, Texas	Director's Fee	\$400	\$3,200
XYZ Trade Association, Chicago, IL (Rec'd 12-2-94)	Honorarium	0	\$1,000
Harris County, Texas, Public Schools	Spouse Salary	NA	NA
ROBERT BUNDA: 1995			
HAWAII INSURANCE CONSULTANTS, LTD., HONOLULU, HI	COMMISSIONS		* 33,946.49
CRIFFINKS SWAN & LOY, HONOLULU, HAWAII	COMMISSIONS	* 4,166.66	* 25,779.52
NATIONAL MORTGAGE FINANCE Co. / ATLAS Bk. Agency HONOLULU, HAWAII	COMMISSIONS	* 22,500.00	* 18,000.00
CONTINENTAL INSURANCE AGENCY OF HI, LTD. HONOLULU, HAWAII	COMMISSIONS	—	* 157.10
STATE OF HAWAII, HONOLULU, HAWAII	SALARY	* 2,962.01	* 32,000.00
GAIL T.S. BUNDA: 1995			
A-1 BUSINESS SERVICES, INC., HONOLULU, HI	SALARY	* 7,218.72	* 26,300.00
ROBERT BUNDA: 1994 - HAWAII INS. CONSULTANTS, HI, HI			
CONTINENTAL INS. AGENCY, HON., HI	COMMISSIONS (1994)		* 57,000.00
STATE OF HAWAII, HONOLULU, HI	SALARY (1994)		486.68
STATE OF HAWAII, HONOLULU, HI	SALARY (1994)		* 32,000.00
GAIL T.S. BUNDA: 1994 - A-1 BUSINESS SERVICES			
	SALARY (1994)		* 25,364.00

SENT BY: PERKINS COIE DC 3 : 8-13-95 : 4:18PM : 2024341690 : 8087374441-3

SCHEDULE II — ASSETS AND "UNEARNED" INCOME

SENT BY: PERKINS COIE DC 3 : 8-13-98 : 4:15PM : 2024347690 : 8087374441124

BLOCK A Asset and/or Income Source <small>Identify (a) each asset held for investment or production of income with a fair market value exceeding \$1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than \$200 in "unearned" income during the period. For rental property or land, provide an address. Provide full names of any mutual funds. For an IRA or retirement plan that is self-directed, list the underlying assets worth more than \$1,000. For an IRA or retirement plan that is not self-directed, name the institution holding the account.</small> <small>Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totalling \$5,000 or less in personal savings accounts; any financial interests in or income derived from U.S. Government retirement programs.</small> <small>If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.</small> <small>For further information, see Instructions, pages 14-20.</small>	BLOCK B Value of Asset <small>at close of reporting period. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."</small>											BLOCK C Type of Income <small>If other than one of the listed categories, specify the type of income by writing a brief description in this block.</small>										BLOCK D Amount of Income <small>For IRA's and retirement plans that are not self-directed, you may write in "NA" for income.</small>																			
	A	B	C	D	E	F	G	H	I	J	K	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Current Year										Preceding Year													
	None - \$1,000	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	None - \$200	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	\$1,000,001 - \$5,000,000	Over \$5,000,000	None - \$200	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	\$1,000,001 - \$5,000,000	Over \$5,000,000										
SP: Mega Corp. Stock		X									X											X																			
DC: Examples: 123 Main St., Dover, Del.							X					X											X																		
JT: 1st Bank of Paducah, KY accounts			X										X												X																
JT Hawaiian Pacific Fed. Hon., HI	X												X																X												
SP Dean Water (IRA) Hon., HI	X										X														X					X											
Dean Water (IRA) Hon., HI	X										X														X					X											
JT Lymanport, Stock, Cons. Savings, Hon., HI	X										X											X								X											

For additional assets and unearned income, use next page.

SCHEDULE III — LIABILITIES

Report liabilities of over \$10,000 owed to any one creditor *at any time* during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the reporting period. Exclude: Any mortgage on your personal residence (unless there is rental income); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report revolving charge accounts only if the balance at the end of the reporting period exceeded \$10,000. For further information, see Instructions, pages 21-22.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability										
			B \$10,001 - \$15,000	C \$15,001 - \$50,000	D \$50,001 - \$100,000	E \$100,001 - \$250,000	F \$250,001 - \$500,000	G \$500,001 - \$1,000,000	H \$1,000,001 - \$5,000,000	I \$5,000,001 - \$25,000,000	J \$25,000,001 - \$50,000,000	K Over \$50,000,000	
	<i>Example</i> First Bank of Wilmington, Delaware	Mortgage on 123 Main Street, Dover, Del.				X							
JT	FIRST HOUSHELD BANK, HON., US	SECURITY FIRSTLINE	X										

SCHEDULE IV — POSITIONS

Report all positions, compensated or uncompensated, held on or before the date of filing during the current calendar year and in the two prior years as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. For further information, see Instructions, pages 25-26.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
SUBAGENT	ATLAS INS. AGENCY, A DIVISION OF NATIONAL MORTGAGE & FINANCE CO., LTD., HON., US
AGENT	HONOLULU INS. CONSULTANTS, LTD., HON., US
SUBAGENT	GRIFFIN & SWAN & CO. INSURANCE BROKERS, HON., US

SENT BY: PERKINS COIE DC 3 : 3-13-98 : 4:20PM : 2024341890 : 6

SCHEDULE V—AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer. For further information, see Instructions, page 26.

Date	Parties To	Terms of Agreement
	N/A	

SCHEDULE VI—COMPENSATION IN EXCESS OF \$5,000 PAID BY ONE SOURCE

Report sources of such compensation received by you or your business affiliation for services provided directly by you during the two prior years. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any nonprofit organization if you directly provided the services generating a fee or payment of more than \$5,000. Exclude: Payments by the U.S. Government and any information considered confidential as a result of a privileged relationship recognized by law. For further information, see Instructions, pages 26–27.

Source (Name and Address)	Brief Description of Duties
Example: Doe Jones & Smith, Hometown, Homestate	Accounting services
Atlas Bus. Agency, Div. of National Mortgage & Fin. ^{Hon. III}	INSURANCE SALES
Hanahi Bus. Consultants, Ltd., Hon., III	INSURANCE SALES
Griffing David & Lori Bus. Brokers, Hon., III	INSURANCE SALES

808737444118 3
 2024341690
 8-13-96 4:21PM
 SENT BY: PERKINS COIE DC 3



FEDERAL ELECTION COMMISSION

Washington, DC 20463

October 3, 1996

The Honorable Patsy T. Mink
PO Box 4452
Honolulu, HI 96812

RE: MUR 4486

Dear Representative Mink:

This letter acknowledges receipt on October 1, 1996, of the complaint you filed 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 4486. 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,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosure
Procedures

98043852828



FEDERAL ELECTION COMMISSION

Washington, DC 20463

October 3, 1996

Richard A. von Gnechten, Treasurer
Robert Bunda for Congress
1745 Royal Palm Drive
Wahiawa, HI 96786

RE: MUR 4486

Dear Mr. von Gnechten:

The Federal Election Commission received a complaint which indicates that Robert Bunda 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 4486. 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.

98040852829

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,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

98043852830



FEDERAL ELECTION COMMISSION

Washington, DC 20463

October 3, 1996

Robert Bunda
1745 Royal Palm Drive
Wahiawa, HI 96786

RE: MUR 4486

Dear Mr. Bunda:

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 4486. 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.

9 8 0 4 3 8 5 2 8 3 1

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

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

980478522832



FEDERAL ELECTION COMMISSION

Washington, DC 20463

October 3, 1996

Lawrence Johnson, President
Bank of Hawaii
111 S. King Street
Honolulu, HI 96813

RE: MUR 4486

Dear Mr. Johnson:

The Federal Election Commission received a complaint which indicates that the Bank of Hawaii 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 4486. Please refer to this number in all future correspondence.

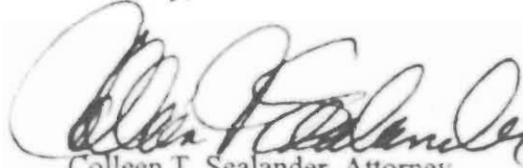
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Bank of Hawaii in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be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

98043852833

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,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

980443852834



JOSEPH T. KEELER
Executive Vice President & General Counsel

October 21, 1996

OCT 23 2 31 PM '96
FEDERAL ELECTION
COMMISSION
OFFICE OF THE
GENERAL COUNSEL

VIA COURIER

Ms. Alva E. Smith
Enforcement Division
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4486, Federal Election
Commission Complaint (Bank of Hawaii)

Dear Ms. Smith

I am General Counsel of Bank of Hawaii, a bank chartered by the state of Hawaii. Mrs. Colleen T. Sealanders' October 3, 1996 letter to Mr. Lawrence Johnson, the Chief Executive Officer of Bank of Hawaii, notified Bank of Hawaii (1) of the filing of a complaint of an alleged violation of the Federal Election Campaign Act of 1971, 2 USC § 431 et seq. (the "Act") by Bank of Hawaii and others, and (2) of our opportunity to demonstrate in writing that no action should be taken against Bank of Hawaii in this matter. I am writing in response to Ms. Sealanders' letter.

The September 30, 1996 complaint letter from Patsy T. Mink (the "Complaint Letter") argues that Bank of Hawaii made two unsecured loans to Robert Bunda for Congress (the "Committee"), which constituted illegal contributions to the Committee^{1/}. The following Exhibits, all of which are from the loan files of Bank of Hawaii, relate to a line of credit facility provided to the Committee by Bank of Hawaii

^{1/} The Committee was formed in connection with Mr. Bunda's candidacy, in the September 21, 1996 Hawaii primary elections, for the Democratic nomination to run for a seat in the U.S. House of Representatives. Mrs. Mink was Mr. Bunda's primary opponent.

5
8
0
4
8
5
2
8

Exhibit

1. Bank of Hawaii Form CR-60 dated June 25, 1996 for a \$100,000 line of credit for the Committee.^{2/}
2. The Committee's June 18, 1996 financial projections of anticipated fund raising receipts
3. The Personal Financial Statement of Mr. and Mrs. Robert Bunda.
4. Master Note for \$100,000 payable to the order of Bank of Hawaii executed by the Committee (the "Note").
5. Security Agreement executed by the Committee, granting a security interest in certain future campaign fund-raiser receipts as security for the Note.
6. Revolving Credit Line Agreement executed by the Committee and Bank of Hawaii.
7. Continuing Guaranty of the obligations of the Committee to Bank of Hawaii executed by Robert Bunda in favor of Bank of Hawaii.
8. Organization Borrowing Resolutions executed by the Committee.
9. Filed copy of UCC 1 Financing Statement executed by the Committee.
10. Bank of Hawaii's Commercial Loan Pricing Guide for committed lines of credit with maturities of one year or less, in effect in June 1996.

In May, 1996, Mr. Robert Bunda contacted Bank of Hawaii and inquired about the possibility of the Committee obtaining a \$100,000 line of credit from Bank of Hawaii to be repaid from certain anticipated future campaign contributions. Mr. Bunda was referred to Mr. John Taira, a Bank of Hawaii loan officer working at the Main Branch of Bank of Hawaii in Honolulu, Hawaii, who processed the Committee's line of credit request. In doing so, Mr. Taira obtained the Committee's campaign contribution projections (Exhibit 2), the personal financial statement of Mr. Bunda and his wife (Exhibit 3), a copy of Mr. and Mrs. Bunda's 1995 federal tax returns to verify income and a full credit report on Mr. Bunda. After reviewing and analyzing the materials

^{2/} Form CR-60 is Bank of Hawaii's standard loan write up and approval form prepared by the loan officer responsible for a credit.

98043852836

obtained. Mr. Taira prepared a CR-60 (Exhibit 1) summarizing his conclusions and approving a \$100,000 line of credit to the Committee. Approval of a line of credit in this amount is within Mr. Taira's loan approval authority and did not require the approval of any other Bank of Hawaii officer or unit.

The basic terms of the \$100,000 line of credit are contained in the enclosed documentation (Exhibits 4 - 9) for the line (the "Line Documents"). All of the Line Documents are on standard forms used by Bank of Hawaii on similar lines of credit not related to campaign financing. The Committee's obligation to repay the principal borrowed plus interest is evidenced by the Note. The line of credit permits multiple draws. Amounts repaid may be reborrowed as long as the principal amount outstanding never exceeds \$100,000.00. All accrued interest is payable monthly and all outstanding principal is payable on June 1, 1997. Outstanding balances under the line of credit bear interest at a floating rate equal to Bank of Hawaii's Base Rate plus 2%. This rate of interest is 50% above the guideline rate for this type of a line of credit in Bank of Hawaii's Commercial Loan Pricing Guide (Exhibit 10). (This line is a committed Grade 3 line of credit under Bank of Hawaii's grading system.) As security for the repayment of the Note, the Committee granted the Bank of Hawaii a security interest in contributions to be raised by the Committee at fund-raisers which are to be conducted after the 1996 election. The Committee projected contributions of \$100,000 from this source (Exhibit 2).

The Committee's obligation to repay the Note is also supported by the personal guaranty of Robert Bunda.

This net worth, income level, cash reserves and credit history were well within the Bank of Hawaii's normal parameters for a line of credit of this size.

During the period from June 28, 1996 through September 16, 1996, the Committee made eight draws under the line totaling \$185,000.00 and made a repayment of \$100,000.00¹. In accordance with the terms of the Line Documents, at

¹ The Complaint Letter's estimate of Mr. Bunda's net worth and income relate to different time periods and apparently are from financial disclosure statements that, per instructions, omit the value of Mr. Bunda's residence.

² The Complaint Letter, in stating that Bank of Hawaii made two loans to the Committee, is apparently confusing separate draws under the line (summarized on reports filed with the Federal Elections Commission by the Committee) with separate loans.

98043852837

no time did outstanding advances under the line exceed \$100,000. As of the present date, the outstanding balance is \$85,000. All payments on the line are current.

In connection with the line, the Committee also established a separate checking account for the campaign contributions pledged to secure the line. The Committee has not conducted any post-election fund-raisers to date because of the pending general election. We have, however, been advised by the Committee that the Committee is in the process of organizing planned post-election fund-raisers to retire the debt. In addition, Mr. Bunda is currently in the process of arranging a home equity credit line to be secured by a second mortgage on his residence to serve as a secondary source of repayment if the line is not paid by the June 1, 1997 maturity date.

The Complaint Letter states that "all customary fees pertaining to the loans were waived by the Bank." This is an apparent reference to the fact that no separate commitment fee was charged for the line. However, it is not uncommon for Bank of Hawaii to establish a line of credit of this size without a commitment fee. Mr. Taira, as loan officer, has the authority to waive a commitment fee and he customarily does so for not-for-profit organizations, which he considered the Committee to be. In addition, in this case the lack of a commitment fee was offset by the higher interest rate charged on the line.

This credit line to the Committee meets the requirements of the Act and of the Federal Election Commission's Regulations (11 CFR Part 100) for exclusion from the definition of a "contribution" under both the Act and Regulations. Section 100.7(b)(11) of the Regulations provides that a loan of money by a State bank is not a contribution by the lending institution if the loan is (1) made in accordance with applicable banking laws and regulations and (2) made in the ordinary course of business. Under the Regulations, a loan is deemed to be made in the ordinary course of business if it

1. Bears the usual and customary interest rate of the lending institution for the category of loan involved
2. It is made on a basis which assures repayment,
3. Is evidenced by a written instrument, and
4. Is subject to a due date or amortization schedule

The line does not violate any banking law or regulation. It bears the usual and customary interest rate of the lending institution for the category of loan involved. It is evidenced by written instruments consisting in this case of Bank of Hawaii's

03041352878

Ms. Alva E. Smith
October 21, 1996
Page 5

CONFIDENTIAL PA

standard form documentation package, and payment is due on a definite date. Finally, the loan was made upon a basis which assures repayment. The amount of the line did not exceed the Committee's projections of the anticipated fund-raiser receipts pledged as security for the line. Bank of Hawaii obtained a security interest in those receipts which was perfected by the filing of a UCC-1 Financing Statement with the State of Hawaii. Although the Line Documents do not specifically state that the Committee must deposit the pledged campaign contributions into the Committee's separate deposit account, (11 CFR § 100.7(b)(11)(i)(B)(3)), this was the intent of the arrangement and the separate dedicated account was in fact established for that purpose. In addition, the line is supported by the personal guaranty of an individual with sufficient income and assets to respond to a demand for repayment of the line. (11 CFR § 100.7(b)(11)(i)(A)(2)). Therefore, we believe that no violation of the Federal Election Campaign Act of 1971 exists in this case and that there is no need to proceed further with this matter.

This letter and the attached Exhibits contain information concerning Mr. Bunda's financial condition and Bank of Hawaii's loan pricing policies. We do, therefore, request confidential treatment of this letter and the attached Exhibits.

Very truly yours



Joseph T. Kiefer

Enclosures

cc: Robert Bunda for Congress

99043852839



RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

OCT 28 11 18 AM '96

733 Bishop Street #170-91, Honolulu, Hawaii 96813

October 22, 1996

Colleen T. Sealander, Attorney
Central Enforcement Docket
Federal Elections Commission
999 E. Street, N.W.
Washington, D.C. 20463

RE: MUR 4486

Dear Ms. Sealander:

I received your letter of October 3, 1996 regarding Congresswoman Patsy Mink's allegations that the Robert Bunda for Congress Committee, Robert Bunda and myself, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended. I would like to take this opportunity to respond to these allegations.

First let me say that the Robert Bunda for Congress Committee, Robert Bunda and myself personally have made every effort to remain in complete compliance with federal campaign laws. I was quite surprised to have received your letter and discover that Mrs. Mink had made such allegations. We made every effort to make sure the "line of credit" established with Bank of Hawaii was in compliance with the rules; in fact it was through reading about the line of credit in the *Federal Election Commission Campaign Guide for Congressional Candidates and Committees* that this option was even pursued. To this end, I would be glad to answer any questions or provide any documentation to support our efforts.

Second, let me clarify a few misstatements of fact made in Mrs. Mink's letter. We established one line of credit with the Bank of Hawaii in the amount of \$100,000; not two different loans in the amounts of \$100,000 and \$35,000, as suggested in Mrs. Mink's letter. In accordance with the FEC reporting procedures, when we first signed the line of credit agreement with the Bank and made a \$100,000 draw on the line, we reported this on our quarterly filing in July. In our pre-primary filing, we reported that the line of credit had been paid off including interest (two days after our initial draw on July 2) and that during the period from July 1 to September 2 we had taken draws on the line totaling \$35,000. Thus the year-to-date report shows that we had withdrawn \$135,000 and paid off \$100,000. At no point have we ever withdrawn more than the \$100,000 established in the line of credit agreement. In fact, besides the initial draw and repayment, we ended up only drawing down \$85,000 on the line of credit.

In response to the allegations, I offer the following. As prescribed in the *FEC Campaign Guide* a "candidate or his or her committee may obtain a loan (including line of credit) from a bank, provided that the loan:

- 1) Bears the bank's usual and customary interest rate for the category of loan involved;
- 2) Is evidenced by a written instrument;
- 3) Is subject to a due date or amortization schedule; and
- 4) Is made on a basis which assures repayment (see below).

100.7(b)(11)." [Note: The "(see below)" references possible basis to assure repayment, including the method we used--this can be found on page 13 of the *FEC Campaign Guide*.]

We have fully complied with each of these conditions

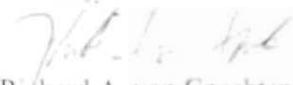
- 1) The line of credit established bears Bank of Hawaii's usual and customary interest rate for this category of loan (prime plus 2%); [Bank of Hawaii can provide further evidence of this matter.]
- 2) The line of credit is evidenced by the bank's usual and customary written instrument, which was filed with the FEC in compliance with reporting requirements;
- 3) The line of credit has a pre-established termination date (1 year) at which point the line of credit has to have been repaid, and
- 4) The line of credit was established based on the "Pledge of Future Receipts" method (as described in the *Campaign Guide*) as well as the candidate's personal guarantee as means of assuring repayment.

Furthermore, as prescribed in the *FEC Campaign Guide* under the description of "Pledge of Future Receipts", we established a separate bank account for purposes of depositing receipts of future contributions for repayment of the loan. We are in the process of planning our initial fund-raiser in January for this very purpose. On each draw made from the bank, we have submitted a supplemental request letter, in compliance with Bank of Hawaii procedures. At one point, we were late in our request and one of our suppliers could not cash their check because we were not allowed to have over-draft coverage using the line of credit; in compliance with Bank of Hawaii procedures.

Given that we have followed and complied with all the conditions prescribed by the FEC for purposes of establishing a line of credit with a bank, we have complied with usual and customary procedures set forth by the Bank of Hawaii in establishing this line of credit, our actual fundraising exceeded the draws on the line of credit and we are continuing our fundraising for purposes of paying off the line, I feel Mrs. Mink's allegations are unwarranted and unfounded.

I have enclosed a copy of the referenced Campaign Guide page. It is my hope that after you have reviewed this case that you will see that our Campaign Committee has done nothing unlawful, but rather is in full compliance with the law. If you have any questions, feel free to call me at work (808)-543-4456 or home (808)-545-2545. Given my regular working obligations, I would appreciate this matter being kept confidential as mentioned in your letter.

Sincerely,



Richard A. von Gnechten, Treasurer

Enclosure

98043852841

Be Prepared to Make Refund

Second, if it decides to deposit the questionable contribution, the committee must make sure that the funds are not spent because they may have to be refunded. To ensure this, the committee may either maintain sufficient funds in its regular campaign depository or establish a separate account used solely for the deposit of possibly illegal contributions. 103.3(b)(4).

Furthermore, the committee must keep a written record noting the reason why a contribution may be prohibited and must include this information when reporting the receipt of the contribution. 103.3(b)(5).

Determine Legality or Refund Contribution

Third, within 30 days of the treasurer's receipt of a possibly prohibited contribution, the committee must either:

- Confirm the legality of the contribution or
- Refund the contribution. 103.3(b)(1).

During this 30-day period, the committee must attempt to obtain evidence that the contribution is legal. Evidence of legality includes, for example, a written statement from the contributor explaining why the contribution is legal, or an oral explanation that is recorded in a memorandum. If the committee cannot determine that the contribution is legal, it must refund the contribution within the 30-day period. 103.3(b)(1).

Late Discovery of Prohibited Contribution

Finally, if a committee deposits a contribution that appears to be legal and later discovers that it is prohibited (based on new information not available when the contribution was deposited), the committee must refund the contribution within 30 days of making the discovery. This situation might arise, for example, if the committee learned that a past contributor was a foreign national or had a contract with the federal government. As another example, the committee might find out that a corporation reimbursed employees for their contributions to the committee (and had thus made corporate contributions and contributions in the name of another).

If the committee does not have sufficient funds to refund the contribution to the donor when the illegality is discovered, the committee must use the next funds it receives. 103.3(b)(2).

CHAPTER 5

Other Reportable Receipts

This chapter describes campaign receipts that are not considered contributions and, therefore, are not subject to contribution limits; all receipts must nevertheless be reported by the campaign. In some cases, a receipt may come from a prohibited source as explained below.

1. Bank Loans

Conditions

A candidate or his or her committee may obtain a loan (including a line of credit) from a bank, provided that the loan:

- Bears the bank's usual and customary interest rate for the category of loan involved;
- Is evidenced by a written instrument;
- Is subject to a due date or amortization schedule; and
- Is made on a basis which assures repayment (see below). 100.7(b)(11).

If a loan fails to meet any of these conditions, then a prohibited contribution from the lending institution results.

Methods of Assuring Repayment

A loan is made on a basis which assures repayment if it is obtained using one or more of the following authorized methods of securing the loan:

Traditional Methods

A committee may use one of the following traditional methods of securing the loan, or a combination of the two:

Collateral. A loan may be secured using assets of the candidate or the committee, such as real estate, personal property, cash on deposit, certificates of deposit and stocks. The fair market value of the assets must, on the date of the loan, equal or exceed the amount of the loan and any senior liens. 100.7(b)(11)(i)(A)(1). The committee must ensure that the bank has established a "perfected security interest" in the collateral (that is, has taken steps to legally protect its inter-

est in the collateral in the event that the committee defaults on the loan.) 100.7(b)(11)(i)(A)(1).

Note that if a candidate obtains a loan using assets jointly owned with his or her spouse, the amount of the loan may not be greater than the candidate's share of the property (usually 1/2); otherwise, a contribution from the spouse results. 100.7(a)(1)(i)(D).

Guarantees or Endorsements. An endorsement or guarantee of a bank loan is considered a contribution by the endorser or guarantor and is thus subject to the law's prohibitions and limits on contributions. 100.7(b)(11)(i)(A)(2). (See "Assets Jointly Held with Spouse" on page 11 for a narrow exception to this rule.)

Pledge of Future Receipts

If the committee pledges its future receipts as security for the loan, then the amount loaned by the bank may not exceed a reasonable estimate of anticipated receipts, based on documentation provided by the candidate or committee (such as cash flow charts or fundraising plans). 100.7(b)(11)(i)(B)(1) and (2). Future receipts might include, for example, anticipated contributions or interest income.

The committee must also set up a separate account for the receipt of funds pledged for the repayment of the loan. The account may be established with either the lending institution or a different depository. If the account is established at a depository other than the lending institution, then the committee must execute an assignment of the account's funds to the lending institution and notify the depository of the assignment. The loan agreement must require the committee to deposit the pledged funds into the account established for this purpose. 100.7(b)(11)(i)(B)(3) and (4).

Other Methods of Assuring Repayment

The Commission may, on a case-by-case basis, approve methods of assuring repayment other than those described above. 100.7(b)(11)(ii). A committee should request an advisory opinion from the Commission before entering into a loan agreement that relies on alternative sources of repayment.

Schedule C-1

When a committee obtains a bank loan (or the candidate obtains one on behalf of his or her committee), the committee must file Schedule C-1 with its next report. The treasurer must sign the schedule and attach a copy of the loan or line of credit agreement. See Chapter 12, Schedule



733 Bishop Street #170-91, Honolulu, Hawaii 96813

October 18, 1996

Ms. Colleen T. Sealander
CED Attorney, Enforcement Division
Office of the General Counsel
Federal Elections Commission
999 E Street, NW
Washington, D C 20463

OCT 28 11 19 AM '96
RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

RE: MUR 4486

Dear Ms. Sealander,

I am in receipt of your letter dated October 3, 1996 along with the documents relating to Hawaii Congresswoman Patsy Mink's allegation that I have violated the Federal Election Campaign Act of 1971, as amended. Thank you for this opportunity to respond.

I believe Mrs. Mink's complaint reflects an inaccurate analysis of the actual bank transactions. She had previously tried to make my loan a campaign issue and failed. The local media dropped the story after a response from the Bank of Hawaii indicated that I did not receive any special consideration and followed normal loan procedures. Mrs. Mink should be familiar with the procedures since it is my understanding that she contacted the Bank asking for consideration of a similar loan. At the time Mrs. Mink reported \$179,246 cash in hand and \$131,590 in loans to herself dating back to 1990. She had already spent \$78,248 compared to my own \$5,891 in expenses.

At the time of my application for a line of credit, the Loan Manager at the Bank reviewed the procedures with me to be sure that our actions were well within the law. Like other loan applicants, I waited for approval which came after the Bank, in the ordinary course of business, felt assured of repayment. According to interpretation of the law by myself and members of my Campaign Committee, as well as the Bank of Hawaii, all loan activities were in full compliance with FEC regulations. That *"the lending institution making the loan has obtained written agreement whereby the candidate or political committee receiving the loan has pledged future receipts, such as public financing payments under 11 CFR provided that: (1) The amount of the loans obtained on the basis*

of such funds does not exceed the amount of pledged funds; (2) Loan amounts are based on a reasonable expectation of the receipt of pledged funds. To that end, the candidate or political committee must furnish the lending institution documentation, i.e., cash flow charts or other financial plans, that reasonably establish that such future funds will be available."

I was fortunate to have the services of an efficient and diligent treasurer who was meticulous about all federal elections reporting requirements. Mr. Richard von Gnechten is well versed on FEC rules and regulations and was satisfied that at no time did we act in any way contrary to the intent of the law. I am confident Mr. von Gnechten's statement along with the Bank of Hawaii's response to your request for a written demonstration of compliance with the law will result in a recommendation that the Commission find no reason to believe that the complaint sets forth a violation of the Act and, accordingly, close the file.

Sincerely,



Robert Bunda

98040852364

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
)
)

ENFORCEMENT PRIORITY

May 10 11 31 AM '97

SENSITIVE

GENERAL COUNSEL'S REPORT

I. INTRODUCTION.

The cases listed below have been identified as either stale or of low priority based upon evaluation under the Enforcement Priority System (EPS). This report is submitted to recommend that the Commission no longer pursue these cases.

This is the first Enforcement Priority Report that reflects the impact of the 1996 election cycle cases on the Commission's enforcement workload. We have identified cases that are stale which are recommended for dismissal at this time. This is the highest number of cases identified as stale in a single report, and the highest number of stale cases recommended for closure at one time, since the inception of EPS in 1993.

98043852845

II. CASES RECOMMENDED FOR CLOSURE.

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

EPS was created to identify pending cases which, due to the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditure of resources. Central Enforcement Docket (CED) evaluates each incoming matter using Commission-approved criteria, resulting in a numerical rating for each case.

Closing such cases permits the Commission to focus its limited resources on more important cases presently pending before it. Based upon this review, we have identified cases that do not warrant further action relative to other pending matters.³ Attachment 1 to this report contains summaries of each case, the EPS rating, and the factors leading to assignment of a low priority and recommendation not to further pursue the matter.

B. **Stale Cases**

Effective enforcement relies upon the timely pursuit of complaints and referrals to ensure compliance with the law. Investigations concerning activity more remote in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more difficult to develop as it ages. Focusing investigative efforts on more recent and more significant activity also has a more positive effect on the electoral process and the regulated community. In recognition of this fact, EPS provides us with the

³ These cases are: RAD 97L-10 (*Citizens for Randy Borow*); RAD 97L-16 (*Republican State Central Committee of South Dakota*); Pre-MUR 347 (*Producers Lloyds Insurance Company*); Pre-MUR 348 (*Peoples National Bank of Commerce*); Pre-MUR 349 (*Trump Plaza*); Pre-MUR 350 (*Citibank, N.A.*); Pre-MUR 355 (*Feingold Senate Committee*); MUR 4494 (*Georgianna Lincoln*);

MUR 4586 (*Friends of Zach Wamp*); MUR 4590 (*Oklahoma Education Association*); MUR 4600 (*San Diego Police Officers Assoc.*); MUR 4612 (*Teresa Doggett for Congress*); MUR 4615 (*Catholic Democrats for Christian Values*); MUR 4616 (*American Legislative Exchange Council*); MUR 4620 (*Eastern Connecticut Chamber of Commerce*); MUR 4622 (*Telles for Mayor*); MUR 4628 (*Gutknecht for Congress*); MUR 4629 (*Janice Schakowsky*); MUR 4636 (*IBEW Local 505*); MUR 4637 (*Dettman for Congress*); MUR 4639 (*Larson for Congress*); MUR 4641 (*Becker for Congress*); MUR 4644 (*Detroit City Council*); MUR 4651 (*Mike Ryan*); MUR 4653 (*Pritzker for Congress*); MUR 4656 (*H. Carroll for Congress*); and MUR 4657 (*Buchanan for President*).

means to identify those cases which, though earning a higher rating when received, remained unassigned for a significant period due to a lack of staff resources for effective investigation. The utility of commencing an investigation declines as these cases age, until they reach a point when activation of a case would not be an efficient use of the Commission's resources.

We have identified cases that have remained on the Central Enforcement Docket for a sufficient period of time to render them stale. We are recommending the closure of cases based on staleness.⁶

* These cases are: MUR 4283 (*Chenoweth for Congress*); MUR 4341 (*Juan Soliz for Congress*); MUR 4402 (*U.S. Representative Helen Chenoweth*); MUR 4435 (*Lincoln for Congress*); MUR 4439 (*UA/V*); MUR 4442 (*Lipinski for Congress*); MUR 4444 (*Roberts for Congress*); MUR 4445 (*Randy Tate for Congress*); MUR 4446 (*Clinton/Gore '96 Primary*); MUR 4447 (*Random House, Inc.*); MUR 4449 (*Clinton Administration*); MUR 4453 (*Mike Ward for Congress*); MUR 4454 (*Ralph Nader*); MUR 4459 (*Clinton/Gore '96*); MUR 4474 (*Salvi for Senate*); MUR 4477 (*BBDO-New York*); MUR 4481 (*Diamond Bar Caucus*); MUR 4485 (*Perot '92 Petition Committee*); MUR 4486 (*Bunda for Congress*); MUR 4495 (*Pennsylvania PACE for Federal Elections*); MUR 4496 (*Norwood for Congress*); MUR 4497 (*Pease for Congress*); MUR 4510 (*Stabenow for Congress*); MUR 4511 (*Bob Coffin for Congress*); MUR 4514 (*Friends for Franks*); MUR 4515 (*Clinton Investigative Commission*); MUR 4521 (*VMAL 630 AM*); MUR 4525 (*Senator Larry Pressler*); MUR 4527 (*Brennan for Senate*); MUR 4536 (*Signature Properties, Inc.*); MUR 4540 (*Tim Johnson for SD*); MUR 4542 (*Dan Frisa for Congress*); MUR 4552 (*Charles W. Norwood*); MUR 4554 (*John Byron for Congress*); MUR 4556 (*Jim Wiggins for Congress*); MUR 4561 (*Jay Hoffman for Congress*); MUR 4564 (*National Republican Congressional Committee*); MUR 4567 (*DNC Services Corp.*); MUR 4569 (*McGovern Committee*); RAD 96L-11 (*New York Republican County Committee*); Pre-MUR 343 (*NRSC*); and Pre-MUR 312 (*Joseph Demio*). The Demio case involves fundraising related to former Congresswoman Mary Rose Oakar's 1992 congressional campaign. It was held as a courtesy to the Department of Justice pending resolution of a parallel criminal matter in the District Court for the District of Columbia. Mr. Demio recently entered into a plea agreement with the Department of Justice (on which we were not consulted) in which he agreed, among other things, to waive the statute of limitations regarding civil violations of the FECA. Considering the age of the case and activity, the fact that DOJ has not formally referred this matter to us, and the Commission's continuing resource constraints, dismissal is the appropriate disposition of this matter.

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective November 17, 1997. Closing these cases as of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective November 17, 1997, and approve the appropriate letters in the following matters:

- | | | |
|------------|-------------|-------------|
| RAD 96L-11 | Pre-MUR 312 | Pre-MUR 349 |
| | Pre-MUR 343 | Pre-MUR 350 |
| RAD 97L-10 | Pre-MUR 347 | Pre-MUR 355 |
| RAD 97L-16 | Pre-MUR 348 | |

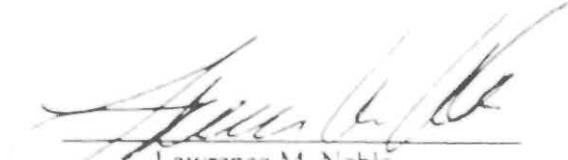
98043852848

B. Take no action, close the file effective November 17, 1997, and approve the appropriate letters in the following matters:

- | | | |
|----------|----------|----------|
| MUR 4283 | MUR 4495 | |
| MUR 4341 | MUR 4496 | MUR 4569 |
| MUR 4402 | MUR 4497 | MUR 4586 |
| MUR 4435 | MUR 4510 | MUR 4590 |
| MUR 4439 | MUR 4511 | MUR 4600 |
| MUR 4442 | MUR 4514 | MUR 4612 |
| MUR 4444 | MUR 4515 | MUR 4615 |
| MUR 4445 | | MUR 4616 |
| MUR 4446 | MUR 4521 | MUR 4620 |
| MUR 4447 | MUR 4525 | MUR 4622 |
| MUR 4449 | MUR 4527 | MUR 4628 |
| MUR 4453 | MUR 4536 | MUR 4629 |
| MUR 4454 | MUR 4540 | MUR 4636 |
| MUR 4459 | MUR 4542 | MUR 4637 |
| MUR 4474 | MUR 4552 | MUR 4639 |
| MUR 4477 | MUR 4554 | MUR 4641 |
| MUR 4481 | MUR 4556 | MUR 4644 |
| MUR 4485 | MUR 4561 | MUR 4651 |
| MUR 4486 | | MUR 4653 |
| | MUR 4564 | MUR 4656 |
| MUR 4494 | MUR 4567 | MUR 4657 |

98043852849

Date 7/97


Lawrence M. Noble
General Counsel

Federal Election Commission
Certification: Agenda Document
No. X97-77
December 2, 1997

Page 2

11.	MUR 4449	36.	MUR 4556
12.	MUR 4453	37.	MUR 4561
13.	MUR 4454	38.	MUR 4564
14.	MUR 4459	39.	MUR 4567
15.	MUR 4474	40.	MUR 4569
16.	MUR 4477	41.	MUR 4586
17.	MUR 4481	42.	MUR 4590
18.	MUR 4485	43.	MUR 4600
19.	MUR 4486	44.	MUR 4612
20.	MUR 4494	45.	MUR 4615
21.	MUR 4495	46.	MUR 4616
22.	MUR 4496	47.	MUR 4620
23.	MUR 4497	48.	MUR 4622
24.	MUR 4510	49.	MUR 4628
25.	MUR 4511	50.	MUR 4629
26.	MUR 4514	51.	MUR 4636
27.	MUR 4515	52.	MUR 4637
28.	MUR 4521	53.	MUR 4639
29.	MUR 4525	54.	MUR 4641
30.	MUR 4527	55.	MUR 4644
31.	MUR 4536	56.	MUR 4651
32.	MUR 4540	57.	MUR 4653
33.	MUR 4542	58.	MUR 4656
34.	MUR 4552	59.	MUR 4657
35.	MUR 4554		

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

Attest:

12-4-97
Date

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

98043852851



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Patsy T. Mink
U.S. House of Representatives
2135 Rayburn House Office Building
Washington, D.C. 20515

RE: MUR 4486

Dear Ms. Mink:

On October 1, 1996, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action in the matter. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on December 15, 1997. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437(g)(a)(8).

Sincerely,

A handwritten signature in black ink, appearing to read "F. Andrew Turley", written over a light-colored rectangular background.

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

9 0 4 2 8 5 2 8 5 2



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

Richard A. von Gnechten, Treasurer
Robert Bunda for Congress
1745 Royal Palm Drive
Wahiawa, HI 96786

RE: MUR 4486

Dear Mr. von Gnechten:

On October 3, 1996, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against Robert Bunda for Congress and you, as treasurer. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on December 15, 1997.

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

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

98043852803



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

Robert Bunda
1745 Royal Palm Drive
Wahiawa, HI 96786

RE: MUR 4486

Dear Mr. Bunda:

On October 3, 1996, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against you. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on December 15, 1997.

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

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turkey
Supervisory Attorney
Central Enforcement Docket

98043852854



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

Joseph T. Kiefer
Vice President and General Counsel
Bank of Hawaii
P.O. Box 2900
Honolulu, HI 96846

RE: MUR 4486

Dear Mr. Kiefer:

On October 3, 1996, the Federal Election Commission notified Lawrence Johnson, President, Bank of Hawaii, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against the Bank of Hawaii. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on December 15, 1997.

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

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

98043852855



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4486

DATE FILMED 1-12-98 CAMERA NO. 2

CAMERAMAN S.E.C

98043852856