

DENNIS DeCONCINI
ARIZONA

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November 25, 1991

Mr. Danny L. McDonald
Chairman
FEC
999 E Street, N. W.
Washington, D. C. 20463

Dear Mr. Chairman:

AOR 1991 - 38

RECEIVED
FEDERAL ELECTION COMMISSION
91 NOV 29 PM 2:33

I am writing this letter as the Chief of Staff and Legal Counsel for Senator Dennis DeConcini. The following events have occurred which require Senator DeConcini, DeConcini '88, the Senator's 1988 U. S. Senate election committee, and DeConcini '94, the Senator's 1994 U. S. Senate election committee, to seek your advice.

In November 1988, DeConcini '88 ended the election cycle with what appeared to be a surplus of approximately \$440,000. The treasurer of that campaign fund, Tom Karlsen, embezzled approximately \$500,000, leaving DeConcini '88 with a debt of approximately \$60,000.

With your guidance, DeConcini '88 had a fundraising event after the '88 election to raise the funds to retire that debt which it did successfully. The debt was retired, and the DeConcini '88 account was closed. Mr. Karlsen went to prison where he completed a sentence for his criminal acts.

Mr. Karlsen is out of prison and has begun to make restitution to DeConcini '88 for the embezzled funds. A check in the amount of \$208 was received pursuant to that restitution.

The DeConcini '88 account will be reopened, and the restitution from Karlsen will be deposited in that account. Our plans are to transfer at some point in the future those funds to

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DeConcini '94. I believe that the FEC has not previously ruled on this question. I request an advisory opinion at this time concerning if what we have done and what we plan to do in the future is proper and any other suggestions or recommendations that you might make.

Sincerely,



GENE KARP
Administrative Assistant/
Legal Counsel to
Senator DeConcini

GK/J

cc: Joan D. Aikens, Commissioner
Thomas J. Josefiak, Commissioner
John W. McGarry, Commissioner
Scott E. Thomas, Commissioner
Lawrence M. Noble, General Counsel ✓

DENNIS DeCONCINI
ARIZONA

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United States Senate JUN 13 AM 11:27

WASHINGTON, DC 20510

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COMMISSION ON
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IN EUROPE/ CHAIRMAN

June 7, 1989

AOR 1989-10

RECEIVED
FEDERAL ELECTION COMMISSION
JUN 14 AM 8:52

Mr. Danny McDonald
Chairman
Federal Election Commission
999 E Street, N. W.
Washington, D. C. 20463

Background Information
Re: AOR 1991-38

Dear Mr. McDonald:

I am asking on behalf of Senator DeConcini's 1988 campaign for an advisory opinion on matters I believe the FEC has not ruled on to date, in order that we can gauge our actions accordingly.

As we have advised you before, the former treasurer of the DeConcini '88 campaign over a long period of time has misappropriated a large amount of money which at the present time appears to be in the vicinity of \$500,000. As soon as it was discovered, the treasurer was changed. The campaign is about to complete an audit of the records in the recent past in order to file accurate reports for the period of time the misappropriation took place.

The campaign has also turned this matter over to the U. S. Attorney in Arizona for appropriate action.

1. An advisory opinion is being requested to determine the fact that money was misappropriated creates a deficit. The amended "cash on hand" as soon as the audit is completed will show a negligible amount.

Our former treasurer apparently embezzled \$500,000 which might technically be considered an accounts receivable. At the present time, it appears the treasurer's assets do not make it likely he will be able to repay the campaign any of the money he has embezzled. Does the fact that the Senator loans money to the campaign to pay bills which are chargeable to the DeConcini '88 campaign create a deficit to the extent of the loans and/or bills total after all cash in the accounts has been expended for those purposes?

2. Is the audit bill for the audit of the DeConcini '88 campaign accounts chargeable to that campaign and considered an expense of that campaign?

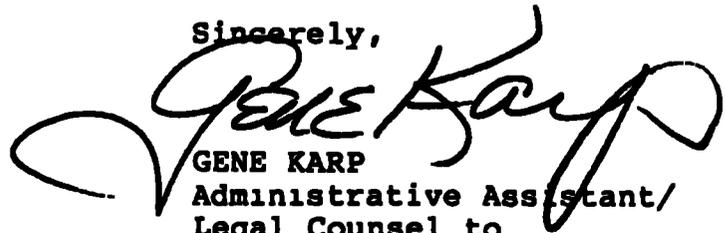
Mr. Danny McDonald
Page 2
June 7, 1989

Or in the alternative, since the DeConcini '88 campaign is over, would it be chargeable to the 1994 campaign? This information is necessary in determining whether the DeConcini '88 campaign has a deficit or not and how large the deficit is.

3. Our audit will determine there is, in fact, a deficit existing in the DeConcini '88 campaign account which is caused by that misappropriation of funds. Is it, therefore, permissible to raise funds to retire that DeConcini '88 campaign debt?

The Senator's '88 campaign account would like advisory answers to each of the questions asked in order to proceed properly. The sooner we receive a reply the more helpful it will be. Thank you for your consideration.

Sincerely,



GENE KARP
Administrative Assistant/
Legal Counsel to
Senator DeConcini

GK/J