

# THE BREEDEN-SCHMIDT FOUNDATION

ESTABLISHED TO ADVANCE THE PRINCIPLES OF SOCIALISM

C/O IRWIN GOSTIN  
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Milton Lessner,  
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Robert Manewitz

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Irwin Gostin  
Secretary-Treasurer

March 1, 1996

N. Bradley Litchfield  
Associate General Counsel  
Federal Elections Commission  
Washington, D.C. 20463

Supplement To  
AOR 1996-03

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

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Re: Breeden-Schmidt Foundation your AOR1996-3

Dear Mr. Litchfield:

Thank you for your letter of February 15 and enclosures. In order to supply the additional information you requested, I have reviewed the Trust accumulation of charitable amounts, form 1041-A which we annually file with the Office of the Attorney General of the State of California to comply with California law regarding charitable trusts. I find that, although funds were not actually received from the estate of Wilmer Breeden until late in 1990, the initial tax return and report to the Attorney General's office included income for the entire year which was the sum of \$70,475.00. As previously reported to you, only a total of \$3,137.00 was expended by the Foundation that year and, in addition to the \$500.00 of contributions made to a candidate for federal office and \$1,000.00 to a candidate for a local office, the sum of \$347.00 was donated to the YWCA-Battered Women's Services and an additional \$1,000.00 for the People's Weekly World, a publication espousing left wing causes.

In 1991 the report indicates only \$500.00 given to a candidate for federal office and the balance of the \$14,187.50 was expended for various action organizations for their program activities. To our knowledge, none of these activities involved activities in support of candidates for any office. \$6,750.00 was granted to several libraries for their educational activities including tax exempt libraries such as the Niebyl-Proctor Marxist Library for Social Research and the Southern California Library for Social Studies and Research; \$3,437.50 was sent to publishers of various

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periodicals including such magazines as "In These Times," "The Nation," etc.; \$1,500.00 was sent to groups advocating socialism for their program activities; another \$1,000 to women's groups seeking economic equality for women; additional smaller sums to labor and artistic groups for humanitarian purposes. Although obviously "political" in a very general sense, such activities, we believe, are program activities of groups, not primarily interested or directed to election or support of candidates for public office.

The 1992 report indicates that of a total income for that year of \$82,709.00, \$22,788.00 was paid in state and federal income taxes, \$1,692.00 for office and meeting expense of the Foundation's board of directors, \$450.00 for accounting fees and \$4,400.00 in contributions to tax deductible charitable organizations and \$17,278.00 in additional program activities of which \$3,800 was for support of federal candidates and \$1,000 for state candidates. Of the balance of our program activity expenditures, again small amounts (\$500.00) was sent to a labor organization, another small sum to a woman's organization, \$6,700 to the Democratic Socialists of America and the Communist Party for their program activities (not for candidates for public office as these expenditures would have been listed separately if indeed either group ran any candidate for office), and an amount in excess of \$1,000.00 was sent to the "Nation" magazine to fund subscriptions of that magazine for high schools and colleges in the Southern California area. In addition, \$1,250.00 was contributed to the American Civil Liberties Union for their work in civil rights.

The 1993 report and tax return indicates that of the \$82,472.00 in net income, \$41,423.00 was paid in income taxes and \$13,465.00 were paid out to tax exempt organizations again mainly to educational groups such as Marxist libraries or periodicals and newspapers featuring news concerning socialism, communism, the labor movement, social justice, women's rights, civil liberties, etc.; \$2,500.00 was sent to organizations seeking humanitarian aid for Cuba. In addition, that year over \$4,000.00 was given to labor groups for the purpose of supporting workers on strike and in compensating for expenses incurred by several unions in holding meetings and conventions. \$2,000.00 was contributed to "Neighbor to Neighbor," a group formed to promote the single payer health plan seeking ballot status in the State of California. Sums totaling \$11,450.00 were donated to socialist organizations, including the Communist Party, Democratic Socialists of America and similar groups. Again, other than \$600.00 for federal candidates and a total of \$3,000.00 for state and local candidates, we believe that none of the expenditures were for production of such items as photo guides, support for any specific candidate for public office, whether federal, state or local, getting out the vote campaign, etc. The activities which were supported by the groups we funded were for the purpose of propagating the ideals of socialism and propagating equal

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justice, civil liberties, welfare of workers, universal health care, etc. During that year we contributed \$5,000.00 to the Communist Party to assist them in holding their national conference.

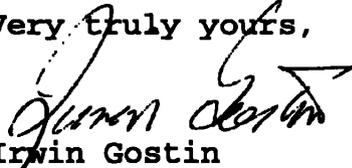
The 1994 records reveal that, in addition to the \$3,100.00 granted to candidates for federal office, an additional \$1,500.00 was sent to libraries, over \$7,000.00 to various periodicals including newspapers and monthly magazines, \$2,000.00 for humanitarian and educational aid to Cuba, \$1,000.00 to support civil rights, \$4,000.00 to organizations which included the establishment of socialism as part of their agenda, and \$3,800.00 to organizations supporting single payer universal health care.

The 1995 report has not yet been completed but expenditures for that year would be of a similar nature and include, for the first time, an expenditure as high as \$10,000.00 which was sent to the Communist Party for their expenses in holding their 1996 national convention which is scheduled for next month. Even though it was sent to a "party," it is for convention expenses and not for support of any candidates for any office as we anticipate they will not even nominate any candidate for any office.

In short, we believe that the draft of the opinion and the suggested amendments to that draft, copies of which you have sent to me, correctly state the activities of our Foundation to date. Support of candidates for public office, either by direct financial contribution or other means has been relatively nominal by our Foundation. Should that in the future change, we would anticipate registering as a political action committee, but since that is not the sole, nor even the major purpose, of our Foundation, we have not done so and do not intend to do so unless our program activities are substantially changed in the future. When we make a contribution for the purpose of supporting a political candidate, that contribution is labeled as such as and sent to the committee supporting that candidate. Therefore, if, for example, a member of the Communist Party were to receive financial support from us as a candidate, that check would be sent to the individual candidate for that purpose and not the Communist Party itself. This would hold true of a member of any other organization whom our Board might determine to support in any political activity.

I hope the above gives you the additional information you desire.

Very truly yours,

  
Irwin Gostin

IG/tg