



FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 1057

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 2, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. L.D. Witty
Manager of Government Affairs
The Clorox Company
P.O. Box 24305
Oakland, CA 94626

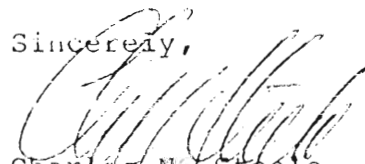
Re: MUR 1007

Dear Ms. Witty:

On May 29, 1980, the Commission determined that there was no probable cause to believe that the Clorox Company violated 2 U.S.C. §441b of the Federal Election Campaign Act of 1971, as amended and voted to close its file in this matter. This matter will become part of the public record within 30 days.

If you have any questions, please contact Thomas J. Whitehead at (202) 523-4000.

Sincerely,


Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. L.D. Witty
Manager of Government Affairs
The Clorox Company
P.O. Box 24305
Oakland, CA 94626

Re: MUR 1007

Dear Ms. Witty:

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Sincerely,

Charles N. Steele
General Counsel

A handwritten signature in cursive script, which appears to read "Thomas J. Whitehead", is written over the typed name and title.

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MUR 1007

CERTIFICATION

1. Find NO PROBABLE CAUSE TO BELIEVE the Clorox Company has violated 2 U.S.C. §441b.
2. Close the file.
3. Approve the letter as attached to the General Counsel's Report dated May 15, 1980.

Attest:

Date _____

Marjorie W. Emmons
Secretary to the Commission

Report signed: 5-23-80
Received in Office of the Commission Secretary: 5-27-80, 10:50
Circulated on 48 hour vote basis: 5-27-80, 4:00

May 27, 1960

MEMORANDUM TO: Marjorie W. Emmons
FROM: Jane Colgrove
SUBJECT : MUR 1007

Please have the attached General Counsel's Report
on MUR 1007 distributed to the Commission on a 48
hour tally basis.

Thank you.

00040193026

In the Matter of)
The Clorox Company)

80 MAY 27 A10: 50
MUR 1007

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On July 16, 1979, the Commission received a complaint filed by Robert L. Nolan, at the request and on behalf of Congressman Ronald V. Dellums of California. The complaint alleges that The Clorox Company ("Clorox"), a corporation, individually or in concert with others appears to have violated 2 U.S.C. §441b by using corporate personnel and facilities to further the aims of an organization which has as one of its purposes the defeat of a member of Congress and the election of a representative whom the organization believes would be more responsive to business interests.

On August 6, 1979, the Commission found reason to believe that Clorox violated 2 U.S.C. §441b. Questions were sent to Clorox and its response was analyzed. Those answers indicated that Clorox's undertaking was part of a larger program to implement the political objectives of the Chamber of Commerce of the United States ("Chamber").

On April 21, 1980, the General Counsel's Brief recommending no probable cause to believe that Clorox violated 2 U.S.C. §441b was forwarded to L.D. Witty, Manager of Government Affairs of Clorox. Ms. Witty filed a letter, dated May 12, 1980 agreeing with the recommendation of the General Counsel.

II. LEGAL ANALYSIS

(See OGC Brief of April 21, 1980.)

Because the General Counsel's Brief of April 21, 1980 sets forth in detail the factual analysis of this MUR, reference is made to the facts contained therein for the following legal analysis of the activities of the Chamber of Commerce. Primarily this Office has been attempting to determine the activities of the Chamber creation known as Business Advisory Councils ("BACS") in California.

To our knowledge, there were two attempts to create BACs in California in the Eighth and Eleventh Congressional Districts. Investigation shows that the January 1979 meeting of the Public Affairs Task Force held in the office of the Chamber's Western Region, Clorox agreed to explore the setting up of a BAC in California's Eighth Congressional District. The specifics of Clorox's effort to set up a BAC in the Eighth Congressional District are reviewed in the OGC's Brief. The other effort to create a BAC in California was in the Eleventh Congressional District and predated the attempt to organize an Eighth Congressional District BAC. According to Witty, who in addition to being Clorox's Manager of Government Affairs is also Treasurer of Clorox's political action committee (CLOR PAC), she was given language by the Chamber's Western Region Office that was used in a letter inviting other Chamber members to send representatives to a meeting to organize an Eighth Congressional District BAC. The language informed the invitees that the first BAC was organized in California's Eleventh Congressional District and that "this Council was instrumental in the selection of

Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign." The language indicates that the Chamber sponsored BAC ("Council") engaged in the campaign related activity of selecting a candidate; thus, this office was of the opinion that §441b had or may have been violated and urged the Commission to find reason to believe that such a violation occurred.

In addition to the facts obtained from Ms. Witty and set forth in the OGC Brief, Commission records provide the following information regarding the activities of Clorox and the Chamber in the Eighth and Eleventh Congressional Districts.

Neither Clor Pac (Clorox Company's political action committee) nor the National Chamber Alliance for Politics (the Chamber's political action committee) contributed to candidates in the Eighth District of California during 1977-78 election cycle or in the present election cycle. In addition, neither of the connected organizations, Clorox Company and the Chamber reported communication costs pursuant to 2 U.S.C. §431(9)(B)(iii) (formerly 2 U.S.C. §431(f)(4)(C)) for activity within the Eighth District.

On the other hand, Alliance reports expenditures of \$624.00 listed as in-kind contributions to the Royer Campaign 1/ for a period from December 16, 1978 through April 3, 1979; these are individually itemized in forty seven (47) separate entries in amounts ranging from \$1.00

1/ William Royer won the special election in the Eleventh District for the seat that became vacant because of the death of Congressman Leo Ryan.

by individuals employed by the Chamber's Western Region (it is assumed that these individuals are employees because a Jerry Vorpahl is listed several times - Mr. Vorpahl has been identified the Regional Manager of the Western Region.)

Additionally, the Chamber reported that it incurred \$931.42 as communication costs to its members in support of William Royer in the special election in the Eleventh District. These costs are individually itemized in forty three (43) separate entries for the period from December 27, 1978 through March 13, 1979 in amounts ranging from \$1.55 to \$136.71; the entries under the heading "Type of Communication" are termed "meeting" "Memo" "Letters" or "Phone". It is significant that two of the forty three entries, i.e. a February 26, 1979 expense of \$4.17 and a March 8, 1979 expense of \$8.34 were listed as in support of Royer for "letters-BAC" and "meeting-BAC" respectively.

The Chamber reports expenditures of \$9,934 in communications costs in the 1977-78 election cycle and \$1,860.00 in the current election cycle. Since Royer was elected in a special election in 1979 approximately one-half of the \$1,860.00 were communication costs in the Eleventh District.

2 U.S.C. §441b prohibits a corporation from making a contribution or expenditure in connection with a federal election. However, §441b(b)(2)(C) allows a corporation to establish and administer (and solicit contributions to) a separate segregated fund to be utilized for political purposes. The Chamber has established the National Chamber Alliance for Politics as its political committee to administer its fund. Alliance was active

in the campaign of William Royer in the Eleventh District by making contributions in-kind in the form of services totalling \$624.00 from December 16, 1978 through April 2, 1979. As indicated, these contributions in-kind were in amounts ranging from \$1.00 to \$93.00 for "consulting" by several of the Alliance personnel. These contributions in-kind are clearly legitimate expenses and while no reference is made to a BAC, consulting activity could serve as one basis for the above quoted language, i.e. "this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate - and was extremely important to his successful campaign." However, this is speculative and should not, except as part of a larger picture, control in the disposition of this matter.

On the basis of the communications costs reported by the Chamber pursuant to 2 U.S.C. §431(9)(B)(iii) (formerly 2 U.S.C. §431(f)(4)(C)), it would appear that the Chamber has made every effort to comply with the Act and regulations. Each of the reports on file plainly state that the communication costs on behalf of William Royer were to the Chamber's members. Since the Chamber is both a membership organization and a corporation without capital stock (according to Alliance's Statement of Organization,) it is allowed to make partisan communications to its members (See 11 C.F.R. §114.7(h) and 114.3; see also 11 C.F.R. §100.7 (b)(5)).

The fact that "BAC" is mentioned only twice in the forty three entries for communications costs of the Chamber and

not at all in the forty seven entries of the Alliance only serves to underscore the uncertainty about what the BAC is all about; the complete answer to that question requires a formal investigation. However, mere uncertainty does not justify further investigation. The meticulous reporting by both the Chamber and the Alliance indicates that no illegal corporate funds were utilized.

Thus office concludes that there is insufficient evidence to justify or sustain a reason to believe finding that the Chamber is in violation of the Act.

Accordingly, this office recommends that the Commission find no probable cause to believe that the Clorox Company violated 2 U.S.C. §441b.

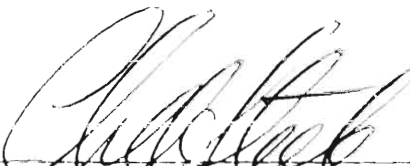
III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

Not applicable.

IV. RECOMMENDATIONS

1. Find no probable cause to believe the Clorox Company has violated 2 U.S.C. §441b.
2. Close the file.
3. Approve attached letter.

23 May 1980
Date



Charles W. Steele
General Counsel

ATTACHMENTS

1. Letter to Respondent
2. Brief of OGC
3. Letter of Respondent



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Sincerely,

Charles N. Steele
General Counsel

GENERAL COUNSEL'S BRIEF

On July 16, 1979, the Commission received a complaint filed by Robert L. Nolan, at the request and on behalf of Congressman Ronald V. Dellums of California. The complaint alleges that The Clorox Company ("Clorox"), a corporation, individually or in concert with others appears to have violated 2 U.S.C. §441b by using corporate personnel and facilities to further the aims of an organization which has as one of its purposes the defeat of a member of Congress and the election of a representative whom the organization believes would be more responsive to business interests.

A copy of a letter on Clorox Company stationery from L.D. Witty, as Manager of Government Affairs of the Clorox Company, to the director of Corporate Communications for Buttes Gas and Oil states that Witty, in "cooperation" with the Chamber of Commerce, is organizing a "Business Advisory Council" ("BAC") in California's Eighth Congressional District. It further states several purposes of BAC including, "if necessary, to seek out and support business oriented candidates for the Congressional seat" and to "serve as a focus for collective efforts to elect a more responsive Representative." The letter informs the recipient that the first BAC was organized in California's Eleventh Congressional

District and that as the recipient knows "this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate--and was extremely important to his successful campaign." The letter invited the recipient to a meeting at Clorox on June 7, 1979.

On August 6, 1979, the Commission found reason to believe that Clorox violated 2 U.S.C. §441b. Questions were sent to Clorox and its response was analyzed. Those answers indicated that Clorox's undertaking was part of a larger program to implement the political objectives of the Chamber of Commerce of the United States ("Chamber").

II. Factual and Legal Analysis

A. The Chamber of Commerce of the United States of America

According to the Statement of Organization for National Chamber Alliance for Politics ("Alliance"), the Chamber of Commerce of the United States of America (its connected organization) is a membership organization as well as a corporation without capital stock; its membership includes 3,600 Chambers of Commerce and trade associations. 1/ The Chamber has a number of committees and programs. Additionally, the Chamber has six regional offices and each region has a regional manager and regional program managers. 2/

1/ Encyclopedia of Associations, National Organizations of the United States at ¶ 13167 (13th ed. 1979).

2/ World Wide Chamber of Commerce Directory, "Regional Offices, Chamber of Commerce, The United States" at 218-219 (July 1979).

As a result of the investigation, it has been established that a program has been adopted at least in the Western Region of the Chamber to achieve political objectives, utilizing the facilities and personnel of the Chamber's Western Region and its members, such as Clorox.

The Chamber's "major objectives" for 1978 and 1980 were stated by the Chairman of the Western Region Public Affairs Task Force ("Public Affairs Task Force") 3/ to be:

1. Electing a business-oriented Congress (retain 168 seats and add 52).
2. Encouraging business PACs to contribute 75 percent of their money to business-oriented candidates.
3. Developing more business PACs.
4. Involving more business people in selecting delegates to the 1980 National Convention.
5. Developing business sensitivity to congressional redistricting in key states. 4/

As Chairman of the Public Affairs Task Force, Rodney Rood advised the Task Force's members of a two-part program to achieve these objectives. The first part involved creating of a network of

3/ The Public Affairs Task Force consists of representatives of members of the Chamber of Commerce from the Western states and may also include representatives of that region's Chambers of Commerce. It meets periodically and considers matters of public affairs, including matters relating to federal elections. See October 24, 1978, Memorandum from Rodney Rood, Chairman of the Public Affairs Task Force to the members of the Task Force ("Rood Memorandum"), which is reproduced as an exhibit to Attachment I. Rood is a vice president of Atlantic Richfield and treasurer of its political

4/ Rood Memorandum, supra n.3.

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Congressional District Monitors ("C.D. Monitors") to "keep a close watch on the political climate and alert us, through the Chamber offices, of possible problems and opportunities." The Public Affairs Task Force hoped to have a C.D. Monitor in every Congressional District in the nine Western states comprising the Western region. 5/

The second part of the plan provided for the establishment of so-called Business Advisory Councils ("BACs"). BACs were intended to be formed only in "opportunity" Congressional Districts and were intended to "work for the support and aid in the election of business-oriented candidates." 6/ BAC Guidelines were developed by a subcommittee of the Public Affairs Task Force, working with the manager of the Western Region. The Guidelines enunciate both a campaign-related and a noncampaign-related purpose as well as communications and political functions. The political functions approved by the Guidelines encompass all facets of campaign activity and include inventorying corporate assets available to campaign, fundraising, working with a campaign to election day and, "if necessary," even seeking a candidate.

To our knowledge, there were two attempts to create BACs in California. At the January 1979 meeting of the Public Affairs Task Force held in the office of the Chamber's Western Region, Clorox agreed to explore the setting up of a BAC in California's Eighth Congressional District. The specifics of Clorox's effort

5/ Rood Memorandum, supra n.3. The extent to which there have been attempts to implement this portion of the plan is presently unknown.

6/ See Rood Memorandum, supra n.3.

are reviewed below in Section I-B; at this point it is sufficient to note that it communicated with other Chamber members at the behest and with the assistance of representatives of the Chamber. The other effort to create a BAC in California was in the Eleventh Congressional District and predated the attempt to organize an Eighth Congressional District BAC. According to Witty, Clorox's Manager of Government Affairs and Treasurer of Clorox's political action committee, representatives of the Western Region gave her language for a letter inviting other Chamber members to send representatives to the organizational meeting of the Eighth Congressional District BAC; this language informed the invitees that the first BAC was organized in California's Eleventh Congressional District and that "this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign."

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7/ William Royer won the special election in the Eleventh District for the seat that became vacant because of the death of Congressman Leo Ryan.

in 1979 approximately one-half of the \$1,860.00 were communication costs in the Eleventh District.

B. The Clorox Company

Clorox has been involved at two levels in connection with the Chamber's objectives.

First, Ms. Witty was a member of the Public Affairs Task Force's subcommittee which developed the BAC Guidelines. In that capacity, she met with the Chamber's Regional Manager, Jerry Vorpahl, and helped prepare the Guidelines, discussed above. Secondly, Clorox agreed to organize a BAC in California's Eighth Congressional District and, at the behest of the Chamber, to communicate with other Chamber members with facilities in the Eighth District.

After Clorox agreed to form a BAC, a meeting was scheduled to be held in a Clorox conference room during regular working hours. A form letter was sent by Ms. Witty to representatives of twenty members of the Chamber; it advised the invitees of the formal purposes of a BAC 8/, and that the Council would enhance our ability to communicate businesses' view points to Congressman Dellums [and] would serve as a focus for collective efforts to elect a more responsive Representative." The form

8/ According to the letter these formal purposes are:

"(1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues.

"(2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business oriented candidates for the Congressional seat. While BAC does not engage in fund raising, it does provide a forum for discussion of public affairs."

letter advise that "[the Eleventh District BAC] was instrumental in the selection of Bill Royer as the most electable pro-business candidate--and was extremely important to his successful campaign." The letter directed that RSVPs be by telephone, and the numbers listed were Clorox telephones and the person designated to receive the responses was the secretary to Clorox's Manager of Government Affairs.

In anticipation of the meeting, Robert Slaughter, Clorox's Government Affairs Coordinator, developed background information on the geography and demographics of the District, as well as some background on incumbent Congressman Dellums' legislative interests; this allegedly is a normal business activity of the Government Affairs Department.

Seven companies were represented at the meeting, during which Mr. Slaughter made a fifteen minute presentation on the District's characteristics. No organization was formed, however, even though those present agreed to try to initiate a "communications program" with Congressman Dellums.

The investigation has produced evidence demonstrating that Clorox personnel have worked to establish the Chamber's program for creating an organization in the Eighth District (presumably an "opportunity district"). The BAC Guidelines, which Clorox personnel helped develop, stated that one of the two purposes of BACs would be to "aid in the development and election of pro-business congressmen in a specified district" and that their political activities would include seeking a candidate, inventorying "corporate assets available to campaign," fundraising and

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working with the campaign to election day. Clorox personnel and facilities were then used to try to establish a BAC in California's Eighth Congressional District, with the intention of having that BAC "serve as a focus for collective efforts to elect a more responsive Representative." However, the evidence shows that aside from an organizational meeting, no further action toward establishing a BAC in the Eighth District was taken, nor did Clorox or Clorpac, the Chamber, or Alliance expend any money or services in the Eighth District or contribute to any candidate, including Congressman Dellums, in that Congressional District.

2 U.S.C. §441b prohibits a corporation from making a contribution or expenditure in connection with a federal election. Clorox has made expenditures by supplying facilities and personnel to pursue what appears to be campaign related activities as outlined above i.e., the formation of a BAC that would serve as a "focus for collective efforts to elect a more responsive Representative [in the Eighth District]". However, there is a serious question as to whether these expenditures were "in connection with a federal election" notwithstanding the language of the letter inviting the various business representatives. Only one meeting, on June 7, 1979, was held. No BAC organization was formed, although it was agreed that a communications program with incumbent Congressman Dellums be initiated. It was agreed that issues of concern to businesses in the Eighth District be determined along with the position of those businesses on the issues. It was the intention of those present to invite Congressman Dellums to discuss the issues with members of the local Chambers. However,

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no businesses were contacted and no invitation to Congressman Dellums was extended and no further meetings were held.

Assuming that the expense of the invitation by Clorox and the use of the Clorox facilities on June 7, 1979 can be said to be expenditures in connection with a federal election (again because of the stated purpose of "establishing a BAC to serve as a focus for collective efforts to elect a more responsive Representative) can the cost of the communication and the corporate facilities fit within the exemption of 2 U.S.C. 431(9)(B)(iii) (formerly 2 U.S.C. 431(f)(4)(C)) which is the position taken by Clorox.

2 U.S.C. 431(9)(B)(iii) exempts from the definition of expenditure "any communication by any membership organization or corporation to its members, stock holders, or executives or administration personnel ..." The Clorox sponsored meeting involved communications from Clorox to other members of the Chamber and not communications to Clorox stockholders and, thus, the exemption should not apply. That Clorox acted at the suggestion of the Chamber does not change the result, as the communication was still from Clorox.

On the other hand, it could be argued that Clorox in providing both personnel and office space for the June 7, 1979 meeting (and the communication inviting the participants) had incurred administrative expenses on behalf of its political action committee, Clorpac and that these expenses were exempt by virtue of 2 U.S.C. 441b(b)(2)(C) as interpreted by 11 C.F.R. 114.1(b):

"' administration ... cost' means the cost of office space, phones, salaries, utilities, supplies, legal and accounting fees, fundraising and other expenses incurred in setting up and running a separate segregated fund established by a corporation"

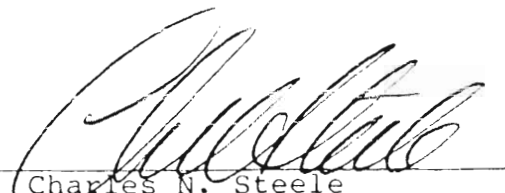
Clearly, if Clorpac had financed the cost of communicating to the recipients of the form letters and of furnishing personnel and facilities for the June 7, 1979 meeting, it would have been engaging in a perfectly legitimate activity and no reporting would have been necessary. In fact, reporting by Clorpac would only have been necessary if at the point in time - June 1979 - there had been a candidate on whose behalf these expenses were incurred, i.e. a named candidate for Congress Dellums seat and only if the meeting had been called to support that candidate; these expenses would have had to be reported as contributions in-kind to the named candidate.

Because of the above considerations, the Office of General Counsel believes that there is no probable cause to believe that Clorox has violated 2 U.S.C. §441b.

III. RECOMMENDATION

Find no probable cause to believe that The Clorox Company violated 2 U.S.C. §441b;

21 April 1980
Date


Charles N. Steele
General Counsel

ATTACHMENTS

- I. August 27, 1979, Letter from L.D. Witty to William C. Oldaker with five attachments.
 - A. October 24, 1978, Memorandum from Rodney Rood to Public Affairs Task Force Members
 - B. BAC Guidelines and cover note from Jerry Vorpahl to L.D. Witty.
 - C. FEC Questions for L.D. Witty
 - D. Form Letter invitation used by L.D. Witty for the June 7, 1979, meeting with the list of invitees
 - E. L.D. Witty's notes on June 7, 1979, meeting

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August 27, 1979

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RE: MUR 1007

Dear Mr. Oldaker:

On August 13, 1979, I received your letter dated August 7, 1979, concerning a complaint which alleges that The Clorox Company may have violated the Federal Election Campaign Act of 1971, as amended. In response to your letter, this is to advise you that The Clorox Company did not intend to violate the Federal Election Campaign Act of 1971, and it is our position that The Clorox Company did not violate that Act. To substantiate this position, I have included a general statement of facts and answers to the questions enclosed with your letter.

The Clorox Company does acknowledge that as a member and at the suggestion of the U. S. Chamber of Commerce, we did communicate with other members relative to the advisability of establishing a BAC in the 8th Congressional District. This communication falls within the exemption of 2 U.S.C. 431(f)(4)(C) which, in part, states that an expenditure does not include "any communication by any membership organization or corporation to its members or stockholders" If indeed any partisan communication did take place, it was by one member of the U. S. Chamber of Commerce to another member at the suggestion of that membership organization.

In point of fact, no political activity took place at the meeting held June 7, 1979. The general statement gives a description of events leading to and including the meeting of June 7, 1979.

General Statement

On September 15, 1978 a meeting of the Western Region Public Affairs Task Force of the Chamber of Commerce of the United States was held in San Francisco, California. The Clorox Company is a member of the U. S. Chamber. As Government Affairs Manager for Clorox, I normally attend such meetings and attended this meeting.

The Clorox Company

General Offices 1221 Broadway Oakland, CA 94612 Tel (415) 271-7000
Mail Address PO Box 24305 Oakland, CA 94623

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William C. Oldaker, Esq.
Page Two
August 27, 1979

As Exhibit A attached indicates, a subcommittee was formed to "draw up policies and procedures for the operation of. . . BACs." To my knowledge, the meeting suggested by the memorandum attached as Exhibit A (page 2, item #2) never took place.

On November 14, 1978 I met with Mr. Jerry Vorpahl, Regional Manager-- Western Region, Chamber of Commerce of the U. S. and Mr. Gary L. O'Rielly, Western Regional Manager-Corporate Affairs, Western Region, International Paper Company, to discuss possible guidelines for U. S. Chamber BACs. On November 17, 1978 I received a note from Mr. Vorpahl enclosing "Business Advisory Council Guidelines." A copy of the note and the enclosure are attached as Exhibit B.

On January 12, 1979 another meeting of the U. S. Chamber's Western Regional Public Affairs Task Force was held. Mr. Bob Slaughter, Clorox's Government Affairs Coordinator, represented me at that meeting. Subsequently Mr. Slaughter told me that it had been agreed at the meeting that I should explore organizing a BAC in the 8th Congressional District. I agreed to do so.

On May 18, 1979 I sent letters to twenty U. S. Chamber members which, I believed, had facilities in the 8th Congressional District. The letter invited U. S. Chamber member representatives to a meeting to discuss the possible organization of an 8th Congressional District BAC.

The meeting was held on June 7, 1979. No organization was formed. It was agreed by those present to try to initiate a communications program with Congressman Dellums, 8th C. D. Representative. Mr. Lex Byers, Oakland Chamber of Commerce, a member of the U. S. Chamber, was to contact other 8th C. D. local chambers of commerce to help determine what public issues were of concern to 8th C. D. businesses and what the positions of 8th C. D. businesses on these issues were. Our intent was to invite Congressman Dellums to a joint meeting with members of these local chambers to discuss the issues.

To my knowledge, Mr. Byers did not contact the local chambers. No invitation was issued to Congressman Dellums. The group that met on June 7, 1979 held no further meetings.

No subsequent activity took place.

Answers to Questions for L. D. Witty (submitted by Mr. Oldaker, General Counsel, FEC)

NOTE: The answers given here are numbered sequentially as presented by the FEC. A copy of the questions is attached for reference as Exhibit C.

William C. Oldaker, Esq.
Page Three
August 27, 1979

1. No.
2. A Business Advisory Council for the 8th Congressional District was not formed. I am not aware of any BAC "activity" in the 8th C.D. other than explained in my General Statement.
3. (a) As explained in the foregoing General Statement, no 8th C.D. BAC was formed.
(b) See 3(a). I have had no involvement in the formation of any other BAC.
4. (a) My activity, and therefore, The Clorox Company's activity, related to the possible formation of an 8th C.D. BAC has been explained in the foregoing General Statement. The relationship, had a BAC been formed, would have been communication among U. S. Chamber members in the 8th C.D.
(b) None.
5. (a) No. My communication with other U. S. Chamber members was at the behest of the U. S. Chamber. While cooperating with the U. S. Chamber was discussed with Mr. D. L. Goodman, Vice President, Public Affairs and Marketing Services, I did not need, nor did I seek, permission from any Clorox official to send the letters.
(b) The decision at the January 12, 1979 meeting of the U. S. Chamber's Western Regional Public Affairs Task Force to ask me to explore forming an 8th C.D. BAC is explained in the foregoing General Statement.
6. (a) As stated above, the BAC was never established. Two employees of The Clorox Company assisted me in setting up the June 7, 1979 meeting.
(1) Mr. Bob Slaughter
Government Affairs Coordinator
The Clorox Company
1221 Broadway
Oakland, CA 94612
(415) 271-7725

Mr. Slaughter provided background information on the geography and demographics of the 8th C.D., as well as some background on Congressman Dellums' legislative interests. Backgrounding Congressional Districts in which Clorox has facilities is a normal business activity for Clorox's Government Affairs Department. His research was conducted intermittently during a period which I estimate to be mid-May to June 6, 1979.

I would estimate that the total time spent on this research was three hours. Mr. Slaughter presented the 8th C.D. geographic and demographic information at the June 7, 1979 meeting. The presentation lasted approximately 15 minutes.

- (2) Ms. Carolyn S. Nixon
formerly Secretary to the Manager of Government Affairs
The Clorox Company

Ms. Nixon is presently relocating with her husband to Denver, Colorado. We do not have a current address or telephone number for her.

Ms. Nixon typed the letter of invitation (IBM mag card unit) to the June 7, 1979 meeting and accepted some of the RSVP telephone calls on the meeting. The letters were produced on May 18, 1979. Estimated production time is one hour. No records were retained on the telephone calls which she or I accepted. The calls were received during the period of approximately May 21 - June 6, 1979.

In addition, Mr. David L. Goodman, Vice President, Public Affairs and Marketing Services, The Clorox Company, welcomed attendees to the June 7, 1979 meeting. Mr. Goodman's informal welcoming remarks lasted approximately three minutes.

(b) None.

7. No BAC was formed. However, I did sign letters inviting people to a June 7, 1979 meeting to discuss the possible formation of a BAC. The outcome of that meeting is described in the foregoing General Statement. Employee time, stationery, postage and phone calls connected with the meeting are estimated in answers #6 and #8.

The June 7, 1979 meeting was held in a Clorox Company meeting room. It began at approximately 8:45 a.m. and concluded at approximately 10:00 a.m. Coffee was available during the meeting.

8. (a) Twenty. These were produced on an IBM mag card unit. A copy of the body of the identical letters and a list of the people invited is attached as Exhibit D.

(b) The Clorox Company.

(c)&(d) See answer to Question 6.

William C. Oldaker, Esq.
Page Five
August 27, 1979

(e) No records were kept of the telephone RSVP's. I estimate approximately 18 calls were received, most of these during Clorox's business hours which are 8:00 a.m. to 4:35 p.m. I believe a few calls were received by me after 4:35 p.m.

9. (a) No.

(b) Not applicable.

10. The June 7, 1979 meeting to discuss the formation of an 8th C.D. BAC is the only meeting that has been held. As the meeting was an informal discussion, no minutes were taken. The only record I have of the discussion held are some very rough notes. A copy of these notes are attached as Exhibit E. The following people attended the June 7, 1979 meeting:

The Clorox Company:

Mr. D. L. Goodman
Ms. L. D. Witty
Mr. B. Slaughter

Kaiser Aluminum & Chemical:

Mr. Tim Conlon,
Public Affairs Representative

Castle & Cooke:

Ms. Karen Arato representing
Mr. Carl Perdue, Director of
Government Affairs

Nabisco:

Mr. Bob Corbett,
Government Affairs Representative

Capwell's:

Mr. Jack Richardson, Chairman

Crocker National Bank:

Mr. John Warner,
Vice President, Government Affairs

Oakland Chamber of Commerce:

Mr. Lex Byers,
Executive Vice President

11. The cooperation with the U. S. Chamber of Commerce is explained in the foregoing General Statement.

12 & 13. The phrases in question were given to me by representatives of the U. S. Chamber of Commerce Western Regional Office. I do not know "in what way the Eleventh District BAC was instrumental in the selection of Bill Royer" nor do I know "what made the Eleventh District BAC extremely important to Congressman Royer's successful campaign."

00000505

My Commission expires May 14, 1982.

EXHIBIT A

Chamber of Commerce of the United States of America

San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

Thanks also to Lyn Nofziger and Joe Cerrell for preparing a valuable panel on "How To Work Better With Non-Business Oriented Candidates." Clark MacGregor's keynote remarks on the outlook for the national races and NCAP (National Chamber Alliance for Politics) set the stage for the day's meeting.

GOALS: The National Chamber's major objectives in this election year and 1980 are these:

- 1.) Elect a business-oriented Congress (Retain 168 seats and add 52)
- 2.) Encourage business PACs to contribute 75% of their money to business-oriented candidates.
- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

BUSINESS ADVISORY COUNCILS: There was some confusion regarding the development of Business Advisory Councils (BACs) and Congressional District Monitors by the Task Force, as a result of thinking that this was a program that could be initiated yet this election year. However, the intention is to create either Monitors or BACs for the 1980 national elections (and beyond), and not for 1978.

- 1.) CD Monitors: The PATF hopes to have one key contact person in every district of 9 Western states who will keep a close watch on the political climate and alert us, through the chamber offices, of possible problems, and opportunities. When necessary, the CD Monitor will be instrumental in forming a BAC.

- 2.) Business Advisory Council: These will be formed in opportunity districts only and will work for the support and aid in the election of business-oriented candidates. A sub-committee has been comprised to draw up policies and procedures for the operation of these BACs. This sub-committee consists of: Gary O'Reilly, Dandy Witty, Fred Martin (through Shelia Radman), Jack Schultz, John Christensen and Esther Rushford Greene.

If you have any ideas for this program, please contact me.

NEXT MEETING:

Friday, January 12, 1979

9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

This meeting will be held in the new Western Regional offices of the chamber, just 5 minutes south of the airport. We plan to have a reception the evening before for Task Force members who will be coming in on the 11th.

Please put that date on your calendars now and plan to join us for a shirt-sleeves session that will provide an early start on gearing up for 1980.

RR:djb

Call you on
This next week.

- Jerry -

I think you'll find this of interest.

Jerry Vorpahl
Regional Manager
415/348-4011



Western Region
Chamber of Commerce of the United States
Burlingame, California

Business Advisory Council Guidelines

PURPOSE:

- 1.) To advise, influence and communicate with current congressmen regarding business-oriented issues and legislation of concern to the U. S. Chamber.
- 2.) To aid in the development and election of pro-business congressmen in a specified District.

MEMBERS:

Each Business Advisory Council will be comprised of 10-12 members, all members of the U.S. Chamber, who are interested in meeting at least quarterly. In most cases, the BAC chairman will be a member of the Western Region Public Affairs Task Force. Other members will consist of: Top CEOs and heads of major employers in the CD, representatives of major corporations with PACs and local chambers of commerce and Trade Association executives.

COMMUNICATIONS FUNCTION:

- 1.) Provide information and advice to Congressman regarding important business issues, and to communicate the National Chamber's position.
- 2.) Assess the local impact of important legislation and communicate that to both the Congressman and the chamber.
- 3.) Identify emerging issues, assess the Congressman's position on these issues and attempt to influence early in the game.
- 4.) Establish and maintain open channels of communication and good working relationships with Congressman and his staff.

POLITICAL
FUNCTION:

- 1.) Rate the incumbant
- 2.) Rate existing candidates
- 3.) Seek a candidate, if necessary
- 4.) Assess the political climate of the District
- 5.) Determine the BAC strategy
- 6.) Inventory Corporate Assests available to campaign
- 7.) Develop early money and long-term fund raising effort
- 8.) Implement strategy and work with campaign to election day

CONSIDERATION:

Each Business Advisory Council in each Congressional District may serve in both a communications and political function. There will not be two separate BACs, one working with an existing Congressman who's voting record is a shambles and the other working to defeat him. However, it is imperative that the dual purposes of the BAC be clearly expressed to the Congressman at the onset. (We'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace).

00193057

Questions for L. D. Witty

1. Are you an officer of The Clorox Company?
2. When was the Business Advisory Council for California's Eighth Congressional District ("Eighth District BAC") created?
3. (a) How did you come to form the Eighth District BAC?
(b) Is this the only BAC formed by you or in which you have been actively involved? If not, identify the other BACs.
4. (a) Explain the relation, if any, which exists between the Eighth District BAC and The Clorox Company.
(b) If other BACs were identified in response to 3(b), please explain the relation, if any, which exists between them and The Clorox Company and between the BACs themselves.
5. (a) Did anyone in The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who? (Identify each such person by name, address, telephone number, relation to The Clorox Company, and why the person's authorization was sought.)
(b) Did anyone outside The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who?
6. (a) Identify all Clorox stockholders, officers, employees and agents who assisted you in establishing the Eighth District BAC or who have helped since it was established (identify each such person by name, address, telephone number, relation to the Clorox Company, nature of assistance rendered and the date and times when such assistance was provided).
(b) Provide the same information as is sought by 6(a) for all Clorox stockholders, officers, employees and agents who assisted with any other BAC (identify by name and position each person making such use and authorizing such use).
7. What use, if any, was made of Clorox Company facilities or services for BAC-related activities? (Identify by name and position each person making and authorizing such use and state what was used and when and why it was used.)

8. (a) How many letters were mailed announcing the June 7, 1979 meeting? Provide the Commission with copies of each letter.
- (b) Who paid the postage for these letters?
- (c) Who typed the letters?
- (d) What is Carolyn Nixon's relation to The Clorox Company and to the Eighth District BAC?
- (e) How many telephone calls were received in response to the invitations to the June 7, 1979, meeting? How many of these were received during business hours?
9. (a) Was The Clorox Company reimbursed or compensated for the use of its facilities, services or employees?
- (b) For each instance of reimbursement or compensation, state when the payment was made, how much was paid and how the amount of payment was determined.
10. State the dates on which the Eighth District BAC met, who attended each meeting and provide the Commission with copies of the minutes of each meeting.
11. In what way were you cooperating with the Chamber of Commerce by establishing the Eighth District BAC?
12. In what way was the Eleventh District BAC "instrumental in the selection of Bill Royer..."?
13. What made the Eleventh District BAC "extremely important" to Congressman Royer's "successful campaign"?
14. Produce for the Commission's inspection the Eighth District BAC's governing documents and the governing documents of other BACs with which you are connected.

May 18, 1979

Dear :

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Dellums. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witty
Manager of Government Affairs

Mr. Leon M. Bryan
Manager, Advertising & Public Relations
Kaiser Cement Corp.
300 Lakeside Drive, #2457
Oakland, CA 94612

Mr. Lex J. Byers
Executive Vice President
Oakland Chamber of Commerce
1939 Harrison Street
Oakland, CA 94612

Mr. W. R. Corbett
Nabisco
P.O. Box 23832
Oakland, CA 94623

Ms. Connie Crawford
Director, State Government Relations
TRW, Inc. E2/11043
One Space Park
Redondo Beach, CA 90278

Mr. Gene Drossel
Vice President, Public Affairs
Kaiser Steel
P.O. Box 58
Oakland, CA 94604

Ms. Helen P. Goldsmith
Vice President
AMFAC, Inc.
P.O. Box 7813
San Francisco, CA 94120

Mr. Bruce H. Hasenkamp
Director, Government Relations
The Shaklee Corporation
1900 Powell Street, 12th Floor
Emeryville, CA 94608

Mr. Donald G. Livingston
Secretary
Carter Hawley Hale Stores, Inc.
550 South Flower
Los Angeles, CA 90071

Mr. Fred J. Martin, Jr.
Vice President
Bank of America, NT&SA
P.O. Box 37000
San Francisco, CA 94137

Mr. Carl H. Perdue
Director, Domestic Government
Affairs
Castle & Cooke, Inc.
50 California
San Francisco, CA 94111

Mr. Calvin P. Pond
Vice President, Public Affairs
Safeway Stores
4th & Jackson Streets
Oakland, CA 94660

Mr. Rodney W. Rood
Vice President & Assistant
to the Chairman
Atlantic Richfield Company
515 South Flower Street
Los Angeles, CA 90071

Mr. Michael P. Roudnev
Vice President
Del Monte
Corporation
P.O. Box 3575
San Francisco, CA 94119

Mr. Edmund Sajor
Representative -- Governmental
and Public Affairs
Pacific Gas & Electric Company
77 Beale Street
San Francisco, CA 94106

Mr. Jackson L. Schultz
Vice President
Wells Fargo Company
20 Montgomery Street
San Francisco, CA 94144

Mr. Richard L. Spees
Vice President
Western Regional Public Affairs
Kaiser Aluminum & Chemical Corporation
300 Lakewide Drive
Oakland, CA 94643

Mr. Ward Stevenson
Senior Vice President
Crocker National Bank
611 West 6th Street
Los Angeles, CA 90017

Mr. Christopher L. Stewart
Director, Governmental Relations
Fireman's Fund
3333 California Street
San Francisco, CA 94119

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Mr. Robert W. Taggart
General Attorney
Southern Pacific
Transportation Company
One Market Street
San Francisco, CA 94105

EXHIBIT

E 100m BAC mtg

6/1/79

- San Diego in Chamber

- Berkeley Chamber -

Topic: The Chamber, March

Food - Sea -

Chambers of Commerce

Subject: recess

- Letter 2 1/2 pages

meeting in 2 weeks -

Chambers of

Commerce

Business Advisory

Council in

Contact Corp.

ask for input of mems
- list of mems -

- Lay Lines

Small Business Affairs
Committee



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

April 21, 1980

Ms. L.D. Witty
Manager of Government Affairs
The Clorox Company
P.O. Box 24305
Oakland, California 94623

Re: MUR 1007

Dear Ms. Witty:

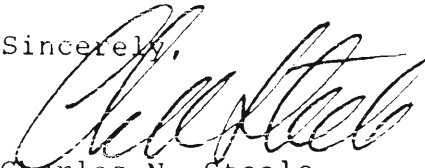
Based on a complaint filed with the Commission on July 16, 1979, and information supplied by you, the Commission determined on August 6, 1979, that there was reason to believe that The Clorox Company may have violated section 441b of the Federal Election Campaign Act of 1971, as amended and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

Should you have any questions, please contact Thomas J. Whitehead, at (202) 523-4000.

Sincerely,


Charles N. Steele
General Counsel

Enclosures
Brief



May 12, 1980

80 MAY 13 410 28

Secretary
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Attn: Thomas J. Whitehead
Office of the General Counsel

RE: MUR 1007

Dear Commissioners:

In response to the letter from the General Counsel's Office and after consultation with that office, we submit this letter.

We agree with the recommendation of your General Counsel. As stated on Page 9 of the General Counsel's brief, dated April 3, 1980, "There is a serious question as to whether these expenditures were 'in connection with a federal election...'" We have previously submitted the facts concerning this matter which we believe demonstrate beyond any reasonable doubt that no expenditures were made to influence the outcome of a federal election. And even if there were any doubts about the purpose of these expenditures, we believe that under no circumstances was this communication with other members of the Chamber of Commerce of the United States in violation of any provision of the Federal Election Campaign Act.

It has been some time since August 6, 1979, when the Commission commenced this matter. We respectfully request that the Commission accept the General Counsel's recommendation and close this MUR.

Sincerely,

(Ms.) L. D. Witty
Manager of Government Affairs

LDW:rmf

70 MAY 13 410:36

GENERAL COUNSEL

PS Form 3811, Aug. 1978

1. The following service is requested (check one):
☐ Show to whom and date delivered _____
☐ Show to whom, date, and address of delivery _____
☒ RESTRICTED DELIVERY
☐ Show to whom and date delivered _____
☐ RESTRICTED DELIVERY
☐ Show to whom, date, and address of delivery _____
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO
 Ms. L. D. Whitehead
 Manager of Government Affairs
 The Clorox Company
 P.O. Box 24305
 Oakland, Calif. 94623

3. ARTICLE DESCRIPTION
 REGISTERED NO. _____ CERTIFIED NO. 4-1589 INSURED NO. _____
 (Always obtain signature of addressee or agent)
 I have received the article described above
 SIGNATURE ☒ Addressee ☐ Authorized agent
 DATE OF DELIVERY 4-15-80 POSTMARK
 4. ADDRESS (Complete only if requested)
 5. UNABLE TO DELIVER BECAUSE _____ CLERK'S INITIALS _____

MUR-1107

Whitehead



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

April 21, 1980

Ms. L.D. Witty
Manager of Government Affairs
The Clorox Company
P.O. Box 24305
Oakland, California 94623

Re: MUR 1007

Dear Ms. Witty:


Based on a complaint filed with the Commission on July 16, 1979, and information supplied by you, the Commission determined on August 6, 1979, that there was reason to believe that The Clorox Company may have violated section 441b of the Federal Election Campaign Act of 1971, as amended and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

Should you have any questions, please contact Thomas J. Whitehead, at (202) 523-4000.

Sincerely,


Charles N. Steele
General Counsel

Enclosures
Brief



FEDERAL ELECTION COMMISSION

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

MEMORANDUM TO: THE COMMISSION
FROM: MARJORIE W. EMMONS/MARGARET CHANEY
DATE: APRIL 22, 1980
SUBJECT: MUR 1007 - General Counsel's Brief

The attached documents are circulated for your information.

ATTACHMENTS:

1) Memo: 2) Brief: 3) Letter

April 21, 1980

MEMORANDUM TO: Marjorie W. Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 1007

Please have the attached Memo & Brief distributed to the Commission on an informational basis and return the original to this office. Thank you.

80040193070



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

80 APR 21 P 5: 02

April 21, 1980

MEMORANDUM TO: The Commission

FROM: Charles N. Steele *CCY*
General Counsel

SUBJECT: MUR #1007

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe was mailed on April 21, 1980. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to Respondent

001071

000019307

In the Matter of)
)
The Clorox Company)

MUR 1007

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On July 16, 1979, the Commission received a complaint filed by Robert L. Nolan, at the request and on behalf of Congressman Ronald V. Dellums of California. The complaint alleges that The Clorox Company ("Clorox"), a corporation, individually or in concert with others appears to have violated 2 U.S.C. §441b by using corporate personnel and facilities to further the aims of an organization which has as one of its purposes the defeat of a member of Congress and the election of a representative whom the organization believes would be more responsive to business interests.

A copy of a letter on Clorox Company stationary from L.D. Witty, as Manager of Government Affairs of the Clorox Company, to the director of Corporate Communications for Buttes Gas and Oil states that Witty, in "cooperation" with the Chamber of Commerce, is organizing a "Business Advisory Council" ("BAC") in California's Eighth Congressional District. It further states several purposes of BAC including, "if necessary, to seek out and support business oriented candidates for the Congressional seat" and to "serve as a focus for collective efforts to elect a more responsive Representative." The letter informs the recipient that the first BAC was organized in California's Eleventh Congressional

District and that as the recipient knows "this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate--and was extremely important to his successful campaign." The letter invited the recipient to a meeting at Clorox on June 7, 1979.

On August 6, 1979, the Commission found reason to believe that Clorox violated 2 U.S.C. §441b. Questions were sent to Clorox and its response was analyzed. Those answers indicated that Clorox's undertaking was part of a larger program to implement the political objectives of the Chamber of Commerce of the United States ("Chamber").

II. Factual and Legal Analysis

A. The Chamber of Commerce of the United States of America

According to the Statement of Organization for National Chamber Alliance for Politics ("Alliance"), the Chamber of Commerce of the United States of America (its connected organization) is a membership organization as well as a corporation without capital stock; its membership includes 3,600 Chambers of Commerce and trade associations. 1/ The Chamber has a number of committees and programs. Additionally, the Chamber has six regional offices and each region has a regional manager and regional program managers. 2/

1/ Encyclopedia of Associations, National Organizations of the United States at ¶ 13167 (13th ed. 1979).

2/ World Wide Chamber of Commerce Directory, "Regional Offices, Chamber of Commerce, The United States" at 218-219 (July 1979).

As a result of the investigation, it has been established that a program has been adopted at least in the Western Region of the Chamber to achieve political objectives, utilizing the facilities and personnel of the Chamber's Western Region and its members, such as Clorox.

The Chamber's "major objectives" for 1978 and 1980 were stated by the Chairman of the Western Region Public Affairs Task Force ("Public Affairs Task Force") 3/ to be:

1. Electing a business-oriented Congress (retain 168 seats and add 52).
2. Encouraging business PACs to contribute 75 percent of their money to business-oriented candidates.
3. Developing more business PACs.
4. Involving more business people in selecting delegates to the 1980 National Convention.
5. Developing business sensitivity to congressional redistricting in key states. 4/

As Chairman of the Public Affairs Task Force, Rodney Rood advised the Task Force's members of a two-part program to achieve these objectives. The first part involved creating of a network of

3/ The Public Affairs Task Force consists of representatives of members of the Chamber of Commerce from the Western states and may also include representatives of that region's Chambers of Commerce. It meets periodically and considers matters of public affairs, including matters relating to federal elections. See October 24, 1978, Memorandum from Rodney Rood, Chairman of the Public Affairs Task Force to the members of the Task Force ("Rood Memorandum"), which is reproduced as an exhibit to Attachment I. Rood is a vice president of Atlantic Richfield and treasurer of its political

4/ Rood Memorandum, supra n.3.

Congressional District Monitors ("C.D. Monitors") to "keep a close watch on the political climate and alert us, through the Chamber offices, of possible problems and opportunities." The Public Affairs Task Force hoped to have a C.D. Monitor in every Congressional District in the nine Western states comprising the Western region. 5/

The second part of the plan provided for the establishment of so-called Business Advisory Councils ("BACs"). BACs were intended to be formed only in "opportunity" Congressional Districts and were intended to "work for the support and aid in the election of business-oriented candidates." 6/ BAC Guidelines were developed by a subcommittee of the Public Affairs Task Force, working with the manager of the Western Region. The Guidelines enunciate both a campaign-related and a noncampaign-related purpose as well as communications and political functions. The political functions approved by the Guidelines encompass all facets of campaign activity and include inventorying corporate assets available to campaign, fundraising, working with a campaign to election day and, "if necessary," even seeking a candidate.

To our knowledge, there were two attempts to create BACs in California. At the January 1979 meeting of the Public Affairs Task Force held in the office of the Chamber's Western Region, Clorox agreed to explore the setting up of a BAC in California's Eighth Congressional District. The specifics of Clorox's effort

5/ Rood Memorandum, supra n.3. The extent to which there have been attempts to implement this portion of the plan is presently unknown.

6/ See Rood Memorandum, supra n.3.

are reviewed below in Section I-B; at this point it is sufficient to note that it communicated with other Chamber members at the behest and with the assistance of representatives of the Chamber. The other effort to create a BAC in California was in the Eleventh Congressional District and predated the attempt to organize an Eighth Congressional District BAC. According to Witty, Clorox's Manager of Government Affairs and Treasurer of Clorox's political action committee, representatives of the Western Region gave her language for a letter inviting other Chamber members to send representatives to the organizational meeting of the Eighth Congressional District BAC; this language informed the invitees that the first BAC was organized in California's Eleventh Congressional District and that "this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign."

Commission records provide the following information regarding the activities of Clorox and the Chamber in the Eighth and Eleventh Congressional Districts.

Neither Clor Pac (Clorox Company's political action committee) nor Alliance contributed to candidates in the Eighth District of California during 1977-78 election cycle or in the present election cycle. In addition, neither of the connected organizations, Clorox Company and the Chamber reported communication costs pursuant to 2 U.S.C. §431(9)(B)(iii) (formerly 2 U.S.C. §431(f)(4)(C)) for activity within the Eighth District.

On the other hand, Alliance reports expenditures of \$624.00 listed as in-kind contributions to the Royer Campaign 7/ for a period from December 16, 1978 through April 3, 1979; these are individually itemized in forty seven (47) separate entries in amounts ranging from \$1.00 to \$93.00, almost exclusively reported as "consulting" by individuals employed by the Chamber's Western Region (it is assumed that these individuals' are employees because a Jerry Vorpahl is listed several times - Mr. Vorpahl, investigation shows, is Regional Manager of the Western Region.)

Additionally, the Chamber reported that it incurred \$931.42 as communication costs in support of William Royer in the special election in the Eleventh District. These costs are individually itemized in forty three (43) separate entries for the period from December 27, 1978 through March 13, 1979 in amounts ranging from \$1.55 to \$136.71; the entries under the heading "Type of Communication" are termed "meeting" "Memo" "Letters" or "Phone". It is significant that two (2) of the forty three (43) entries, i.e. a February 26, 1979 expense of \$4.17 and a March 8, 1979 expense of \$8.34 were listed as in support of Royer for "letters-BAC" and "Meeting-BAC" respectively.

The Chamber reports expenditures of \$9,934 in communications costs in the 1977-78 election cycle and \$1,860.00 in the current election cycle. Since Royer was elected in a special election

// William Royer won the special election in the Eleventh District for the seat that became vacant because of the death of Congressman Leo Ryan.

in 1979 approximately one-half of the \$1,860.00 were communication costs in the Eleventh District.

B. The Clorox Company

Clorox has been involved at two levels in connection with the Chamber's objectives.

First, Ms. Witty was a member of the Public Affairs Task Force's subcommittee which developed the BAC Guidelines. In that capacity, she met with the Chamber's Regional Manager, Jerry Vorpahl, and helped prepare the Guidelines, discussed above. Secondly, Clorox agreed to organize a BAC in California's Eighth Congressional District and, at the behest of the Chamber, to communicate with other Chamber members with facilities in the Eighth District.

After Clorox agreed to form a BAC, a meeting was scheduled to be held in a Clorox conference room during regular working hours. A form letter was sent by Ms. Witty to representatives of twenty members of the Chamber; it advised the invitees of the formal purposes of a BAC 8/, and that the Council would enhance our ability to communicate businesses' view points to Congressman Dellums [and] would serve as a focus for collective efforts to elect a more responsive Representative." The form

8/ According to the letter these formal purposes are:

"(1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues.

"(2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business oriented candidates for the Congressional seat. While BAC does not engage in fund raising, it does provide a forum for discussion of public affairs."

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letter advise that "[the Eleventh District BAC] was instrumental in the selection of Bill Royer as the most electable pro-business candidate--and was extremely important to his successful campaign." The letter directed that RSVPs be by telephone, and the numbers listed were Clorox telephones and the person designated to receive the responses was the secretary to Clorox's Manager of Government Affairs.

In anticipation of the meeting, Robert Slaughter, Clorox's Government Affairs Coordinator, developed background information on the geography and demographics of the District, as well as some background on incumbent Congressman Dellums' legislative interests; this allegedly is a normal business activity of the Government Affairs Department.

Seven companies were represented at the meeting, during which Mr. Slaughter made a fifteen minute presentation on the District's characteristics. No organization was formed, however, even though those present agreed to try to initiate a "communications program" with Congressman Dellums.

The investigation has produced evidence demonstrating that Clorox personnel have worked to establish the Chamber's program for creating an organization in the Eighth District (presumably an "opportunity district"). The BAC Guidelines, which Clorox personnel helped develop, stated that one of the two purposes of BACs would be to "aid in the development and election of pro-business congressmen in a specified district" and that their political activities would include seeking a candidate, inventorying "corporate assets available to campaign," fundraising and

working with the campaign to election day. Clorox personnel and facilities were then used to try to establish a BAC in California's Eighth Congressional District, with the intention of having that BAC "serve as a focus for collective efforts to elect a more responsive Representative." However, the evidence shows that aside from an organizational meeting, no further action toward establishing a BAC in the Eighth District was taken, nor did Clorox or Clorpac, the Chamber, or Alliance expend any money or services in the Eighth District or contribute to any candidate, including Congressman Dellums, in that Congressional District.

2 U.S.C. §441b prohibits a corporation from making a contribution or expenditure in connection with a federal election. Clorox has made expenditures by supplying facilities and personnel to pursue what appears to be campaign related activities as outlined above i.e., the formation of a BAC that would serve as a "focus for collective efforts to elect a more responsive Representative [in the Eighth District]". However, there is a serious question as to whether these expenditures were "in connection with a federal election" notwithstanding the language of the letter inviting the various business representatives. Only one meeting, on June 7, 1979, was held. No BAC organization was formed, although it was agreed that a communications program with incumbent Congressman Dellums be initiated. It was agreed that issues of concern to businesses in the Eighth District be determined along with the position of those businesses on the issues. It was the intention of those present to invite Congressman Dellums to discuss the issues with members of the local Chambers. However,

no businesses were contacted and no invitation to Congressman Dellums was extended and no further meetings were held.

Assuming that the expense of the invitation by Clorox and the use of the Clorox facilities on June 7, 1979 can be said to be expenditures in connection with a federal election (again because of the stated purpose of "establishing a BAC to serve as a focus for collective efforts to elect a more responsive Representative) can the cost of the communication and the corporate facilities fit within the exemption of 2 U.S.C. 431(9)(B)(iii) (formerly 2 U.S.C. 431(f)(4)(C)) which is the position taken by Clorox.

2 U.S.C. 431(9)(B)(iii) exempts from the definition of expenditure "any communication by any membership organization or corporation to its members, stock holders, or executives or administration personnel ..." The Clorox sponsored meeting involved communications from Clorox to other members of the Chamber and not communications to Clorox stockholders and, thus, the exemption should not apply. That Clorox acted at the suggestion of the Chamber does not change the result, as the communication was still from Clorox.

On the other hand, it could be argued that Clorox in providing both personnel and office space for the June 7, 1979 meeting (and the communication inviting the participants) had incurred administrative expenses on behalf of its political action committee, Clorpac and that these expenses were exempt by virtue of 2 U.S.C. 441b(b)(2)(C) as interpreted by 11 C.F.R. 114.1(b):

"' administration ... cost' means the cost of office space, phones, salaries, utilities, supplies, legal and accounting fees, fundraising and other expenses incurred in setting up and running a separate segregated fund established by a corporation"

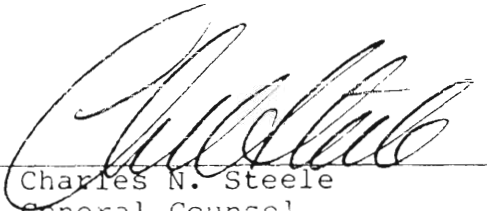
Clearly, if Clorpac had financed the cost of communicating to the recipients of the form letters and of furnishing personnel and facilities for the June 7, 1979 meeting, it would have been engaging in a perfectly legitimate activity and no reporting would have been necessary. In fact, reporting by Clorpac would only have been necessary if at the point in time - June 1979 - there had been a candidate on whose behalf these expenses were incurred, i.e. a named candidate for Congress Dellums seat and only if the meeting had been called to support that candidate; these expenses would have had to be reported as contributions in-kind to the named candidate.

Because of the above considerations, the Office of General Counsel believes that there is no probable cause to believe that Clorox has violated 2 U.S.C. §441b.

III. RECOMMENDATION

Find no probable cause to believe that The Clorox Company violated 2 U.S.C. §441b;

21 April 1980
Date


Charles N. Steele
General Counsel

ATTACHMENTS

- I. August 27, 1979, Letter from L.D. Witty to William C. Oldaker with five attachments.
 - A. October 24, 1978, Memorandum from Rodney Rood to Public Affairs Task Force Members
 - B. BAC Guidelines and cover note from Jerry Vorpahl to L.D. Witty.
 - C. FEC Questions for L.D. Witty
 - D. Form Letter invitation used by L.D. Witty for the June 7, 1979, meeting with the list of invitees
 - E. L.D. Witty's notes on June 7, 1979, meeting



RECEIVED
FEDERAL ELECTION
COMMISSION

79 AUG 28 AM 10:26

August 27, 1979

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RE: MUR 1007

Dear Mr. Oldaker:

On August 13, 1979, I received your letter dated August 7, 1979, concerning a complaint which alleges that The Clorox Company may have violated the Federal Election Campaign Act of 1971, as amended. In response to your letter, this is to advise you that The Clorox Company did not intend to violate the Federal Election Campaign Act of 1971, and it is our position that The Clorox Company did not violate that Act. To substantiate this position, I have included a general statement of facts and answers to the questions enclosed with your letter.

The Clorox Company does acknowledge that as a member and at the suggestion of the U. S. Chamber of Commerce, we did communicate with other members relative to the advisability of establishing a BAC in the 8th Congressional District. This communication falls within the exemption of 2 U.S.C. 431(f)(4)(C) which, in part, states that an expenditure does not include "any communication by any membership organization or corporation to its members or stockholders" If indeed any partisan communication did take place, it was by one member of the U. S. Chamber of Commerce to another member at the suggestion of that membership organization.

In point of fact, no political activity took place at the meeting held June 7, 1979. The general statement gives a description of events leading to and including the meeting of June 7, 1979.

General Statement

On September 15, 1978 a meeting of the Western Region Public Affairs Task Force of the Chamber of Commerce of the United States was held in San Francisco, California. The Clorox Company is a member of the U. S. Chamber. As Government Affairs Manager for Clorox, I normally attend such meetings and attended this meeting.

William C. Oldaker, Esq.
Page Two
August 27, 1979

As Exhibit A attached indicates, a subcommittee was formed to "draw up policies and procedures for the operation of. . . BACs." To my knowledge, the meeting suggested by the memorandum attached as Exhibit A (page 2, item #2) never took place.

On November 14, 1978 I met with Mr. Jerry Vorpahl, Regional Manager-- Western Region, Chamber of Commerce of the U. S. and Mr. Gary L. O'Rielly, Western Regional Manager-Corporate Affairs, Western Region, International Paper Company, to discuss possible guidelines for U. S. Chamber BACs. On November 17, 1978 I received a note from Mr. Vorpahl enclosing "Business Advisory Council Guidelines." A copy of the note and the enclosure are attached as Exhibit B.

On January 12, 1979 another meeting of the U. S. Chamber's Western Regional Public Affairs Task Force was held. Mr. Bob Slaughter, Clorox's Government Affairs Coordinator, represented me at that meeting. Subsequently Mr. Slaughter told me that it had been agreed at the meeting that I should explore organizing a BAC in the 8th Congressional District. I agreed to do so.

On May 18, 1979 I sent letters to twenty U. S. Chamber members which, I believed, had facilities in the 8th Congressional District. The letter invited U. S. Chamber member representatives to a meeting to discuss the possible organization of an 8th Congressional District BAC.

The meeting was held on June 7, 1979. No organization was formed. It was agreed by those present to try to initiate a communications program with Congressman Dellums, 8th C. D. Representative. Mr. Lex Byers, Oakland Chamber of Commerce, a member of the U. S. Chamber, was to contact other 8th C. D. local chambers of commerce to help determine what public issues were of concern to 8th C. D. businesses and what the positions of 8th C. D. businesses on these issues were. Our intent was to invite Congressman Dellums to a joint meeting with members of these local chambers to discuss the issues.

To my knowledge, Mr. Byers did not contact the local chambers. No invitation was issued to Congressman Dellums. The group that met on June 7, 1979 held no further meetings.

No subsequent activity took place.

Answers to Questions for L. D. Witty (submitted by Mr. Oldaker, General Counsel, FEC)

NOTE: The answers given here are numbered sequentially as presented by the FEC. A copy of the questions is attached for reference as Exhibit C.

William C. Oldaker, Esq.
Page Three
August 27, 1979

1. No.
2. A Business Advisory Council for the 8th Congressional District was not formed. I am not aware of any BAC "activity" in the 8th C.D. other than explained in my General Statement.
3. (a) As explained in the foregoing General Statement, no 8th C.D. BAC was formed.
(b) See 3(a). I have had no involvement in the formation of any other BAC.
4. (a) My activity, and therefore, The Clorox Company's activity, related to the possible formation of an 8th C.D. BAC has been explained in the foregoing General Statement. The relationship, had a BAC been formed, would have been communication among U. S. Chamber members in the 8th C.D.
(b) None.
5. (a) No. My communication with other U. S. Chamber members was at the behest of the U. S. Chamber. While cooperating with the U. S. Chamber was discussed with Mr. D. L. Goodman, Vice President, Public Affairs and Marketing Services, I did not need, nor did I seek, permission from any Clorox official to send the letters.
(b) The decision at the January 12, 1979 meeting of the U. S. Chamber's Western Regional Public Affairs Task Force to ask me to explore forming an 8th C.D. BAC is explained in the foregoing General Statement.
6. (a) As stated above, the BAC was never established. Two employees of The Clorox Company assisted me in setting up the June 7, 1979 meeting.
(1) Mr. Bob Slaughter
Government Affairs Coordinator
The Clorox Company
1221 Broadway
Oakland, CA 94612
(415) 271-7725

Mr. Slaughter provided background information on the geography and demographics of the 8th C.D., as well as some background on Congressman Dellums' legislative interests. Backgrounding Congressional Districts in which Clorox has facilities is a normal business activity for Clorox's Government Affairs Department. His research was conducted intermittently during a period which I estimate to be mid-May to June 6, 1979.

I would estimate that the total time spent on this research was three hours. Mr. Slaughter presented the 8th C.D. geographic and demographic information at the June 7, 1979 meeting. The presentation lasted approximately 15 minutes.

- (2) Ms. Carolyn S. Nixon
formerly Secretary to the Manager of Government Affairs
The Clorox Company

Ms. Nixon is presently relocating with her husband to Denver, Colorado. We do not have a current address or telephone number for her.

Ms. Nixon typed the letter of invitation (IBM mag card unit) to the June 7, 1979 meeting and accepted some of the RSVP telephone calls on the meeting. The letters were produced on May 18, 1979. Estimated production time is one hour. No records were retained on the telephone calls which she or I accepted. The calls were received during the period of approximately May 21 - June 6, 1979.

In addition, Mr. David L. Goodman, Vice President, Public Affairs and Marketing Services, The Clorox Company, welcomed attendees to the June 7, 1979 meeting. Mr. Goodman's informal welcoming remarks lasted approximately three minutes.

(b) None.

7. No BAC was formed. However, I did sign letters inviting people to a June 7, 1979 meeting to discuss the possible formation of a BAC. The outcome of that meeting is described in the foregoing General Statement. Employee time, stationery, postage and phone calls connected with the meeting are estimated in answers #6 and #8.

The June 7, 1979 meeting was held in a Clorox Company meeting room. It began at approximately 8:45 a.m. and concluded at approximately 10:00 a.m. Coffee was available during the meeting.

8. (a) Twenty. These were produced on an IBM mag card unit. A copy of the body of the identical letters and a list of the people invited is attached as Exhibit D.

(b) The Clorox Company.

(c)&(d) See answer to Question 6.

William C. Oldaker, Esq.
Page Five
August 27, 1979

- (e) No records were kept of the telephone RSVP's. I estimate approximately 18 calls were received, most of these during Clorox's business hours which are 8:00 a.m. to 4:35 p.m. I believe a few calls were received by me after 4:35 p.m.

9. (a) No.

(b) Not applicable.

10. The June 7, 1979 meeting to discuss the formation of an 8th C.D. BAC is the only meeting that has been held. As the meeting was an informal discussion, no minutes were taken. The only record I have of the discussion held are some very rough notes. A copy of these notes are attached as Exhibit E. The following people attended the June 7, 1979 meeting:

The Clorox Company:

Mr. D. L. Goodman
Ms. L. D. Witty
Mr. B. Slaughter

Kaiser Aluminum & Chemical:

Mr. Tim Conlon,
Public Affairs Representative

Castle & Cooke:

Ms. Karen Arato representing
Mr. Carl Perdue, Director of
Government Affairs

Nabisco:

Mr. Bob Corbett,
Government Affairs Representative

Capwell's:

Mr. Jack Richardson, Chairman

Crocker National Bank:

Mr. John Warner,
Vice President, Government Affairs

Oakland Chamber of Commerce:

Mr. Lex Byers,
Executive Vice President

11. The cooperation with the U. S. Chamber of Commerce is explained in the foregoing General Statement.

- 12 & 13. The phrases in question were given to me by representatives of the U. S. Chamber of Commerce Western Regional Office. I do not know "in what way the Eleventh District BAC was instrumental in the selection of Bill Royer" nor do I know "what made the Eleventh District BAC extremely important to Congressman Royer's successful campaign."


William C. Oldaker, Esq.
Page Six
August 27, 1979

14. No 8th C.D. BAC was formed, therefore there are no 8th C.D. governing documents nor were any drafted. I am not connected with any other BACs.

The Clorox Company is being represented in this matter by Mr. Vigo G. Nielsen, Jr., Dobbs & Nielsen, Attorneys and Counselors at Law, Suite 2500, The Alcoa Building, One Maritime Plaza, San Francisco, CA 94111. Mr. Nielsen will notify you in writing.

The Clorox Company prefers that this matter remain confidential in accordance with 2 U.S.C. 437(a)(3)(B).

Sincerely,

Sincerely,

(Ms.) L. D. Witty
Manager of Government Affairs

LDW: rmf

Enclosures

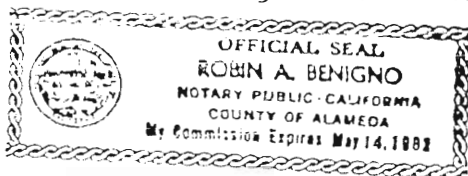
cc: ✓ Jay B. Myerson, Esq.

I certify that all the information in this letter and in the attachments incorporated by reference are true and correct to the best of my knowledge.

L. D. Witty
Aug. 27, 1979
Date

State of California)
) ss
County of Alameda)

On August 27, 1979, before the undersigned, a Notary Public for the State of California, personally appeared L. D. Witty, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same.



Rabin A. Binigno
Notary Public

My Commission expires May 14, 1982.

EXHIBIT A

Chamber of Commerce of the United States of America

San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

Thanks also to Lyn Nofziger and Joe Cerrell for preparing a valuable panel on "How To Work Better With Non-Business Oriented Candidates." Clark MacGregor's keynote remarks on the outlook for the national races and NCAP (National Chamber Alliance for Politics) set the stage for the day's meeting.

GOALS: The National Chamber's major objectives in this election year and 1980 are these:

- 1.) Elect a business-oriented Congress (Retain 168 seats and add 52)
- 2.) Encourage business PACs to contribute 75% of their money to business-oriented candidates.
- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

BUSINESS ADVISORY COUNCILS: There was some confusion regarding the development of Business Advisory Councils (BACs) and Congressional District Monitors by the Task Force, as a result of thinking that this was a program that could be initiated yet this election year. However, the intention is to create either Monitors or BACs for the 1980 national elections (and beyond), and not for 1978.

- 1.) CD Monitors: The PATF hopes to have one key contact person in every district of 9 Western states who will keep a close watch on the political climate and alert us, through the chamber offices, of possible problems, and opportunities. When necessary, the CD Monitor will be instrumental in forming a BAC.

- 2.) Business Advisory Council: These will be formed in opportunity districts only and will work for the support and aid in the election of business-oriented candidates. A sub-committee has been comprised to draw up policies and procedures for the operation of these BACs. This sub-committee consists of: Gary O'Reilly, Dandy Witty, Fred Martin (through Shelia Radman), Jack Schultz, John Christensen and Esther Rushford Greene.

If you have any ideas for this program, please contact me.

NEXT MEETING:

Friday, January 12, 1979

9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

This meeting will be held in the new Western Regional offices of the chamber, just 5 minutes south of the airport. We plan to have a reception the evening before for Task Force members who will be coming in on the 11th.

Please put that date on your calendars now and plan to join us for a shirt-sleeves session that will provide an early start on gearing up for 1980.

RR:djb

Call you on
This next week.

- Jerry -

I think you'll find this of interest.

Jerry Vorpahl
Regional Manager
415/348-4011



Western Region
Chamber of Commerce of the United States
Burlingame, California

Business Advisory Council Guidelines

PURPOSE:

- 1.) To advise, influence and communicate with current congressmen regarding business-oriented issues and legislation of concern to the U. S. Chamber.
- 2.) To aid in the development and election of pro-business congressmen in a specified District.

MEMBERS:

Each Business Advisory Council will be comprised of 10-12 members, all members of the U.S. Chamber, who are interested in meeting at least quarterly. In most cases, the EAC chairman will be a member of the Western Region Public Affairs Task Force. Other members will consist of: Top CEOs and heads of major employers in the CD, representatives of major corporations with PACs and local chambers of commerce and Trade Association executives.

COMMUNICATIONS FUNCTION:

- 1.) Provide information and advice to Congressman regarding important business issues, and to communicate the National Chamber's position.
- 2.) Assess the local impact of important legislation and communicate that to both the Congressman and the chamber.
- 3.) Identify emerging issues, assess the Congressman's position on these issues and attempt to influence early in the game.
- 4.) Establish and maintain open channels of communication and good working relationships with Congressman and his staff.

POLITICAL
FUNCTION:

- 1.) Rate the incumbant
- 2.) Rate existing candidates
- 3.) Seek a candidate, if necessary
- 4.) Assess the political climate of the District
- 5.) Determine the BAC strategy
- 6.) Inventory Corporate Assests available to campaign
- 7.) Develop early money and long-term fund raising effort
- 8.) Implement strategy and work with campaign to election day

CONSIDERATION:

Each Business Advisory Council in each Congressional District may serve in both a communications and political function. There will not be two separate BACs, one working with an existing Congressman who's voting record is a shambles and the other working to defeat him. However, it is imperative that the dual purposes of the BAC be clearly expressed to the Congressman at the onset. (We'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace).

001193093

Questions for L. D. Witty

1. Are you an officer of The Clorox Company?
2. When was the Business Advisory Council for California's Eighth Congressional District ("Eighth District BAC") created?
3. (a) How did you come to form the Eighth District BAC?
(b) Is this the only BAC formed by you or in which you have been actively involved? If not, identify the other BACs.
4. (a) Explain the relation, if any, which exists between the Eighth District BAC and The Clorox Company.
(b) If other BACs were identified in response to 3(b), please explain the relation, if any, which exists between them and The Clorox Company and between the BACs themselves.
5. (a) Did anyone in The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who? (Identify each such person by name, address, telephone number, relation to The Clorox Company, and why the person's authorization was sought.)
(b) Did anyone outside The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who?
6. (a) Identify all Clorox stockholders, officers, employees and agents who assisted you in establishing the Eighth District BAC or who have helped since it was established (identify each such person by name, address, telephone number, relation to the Clorox Company, nature of assistance rendered and the date and times when such assistance was provided).
(b) Provide the same information as is sought by 6(a) for all Clorox stockholders, officers, employees and agents who assisted with any other BAC (identify by name and position each person making such use and authorizing such use).
7. What use, if any, was made of Clorox Company facilities or services for BAC-related activities? (Identify by name and position each person making and authorizing such use and state what was used and when and why it was used.)

8. (a) How many letters were mailed announcing the June 7, 1979 meeting? Provide the Commission with copies of each letter.
- (b) Who paid the postage for these letters?
- (c) Who typed the letters?
- (d) What is Carolyn Nixon's relation to The Clorox Company and to the Eighth District BAC?
- (e) How many telephone calls were received in response to the invitations to the June 7, 1979, meeting? How many of these were received during business hours?
9. (a) Was The Clorox Company reimbursed or compensated for the use of its facilities, services or employees?
- (b) For each instance of reimbursement or compensation, state when the payment was made, how much was paid and how the amount of payment was determined.
10. State the dates on which the Eighth District BAC met, who attended each meeting and provide the Commission with copies of the minutes of each meeting.
11. In what way were you cooperating with the Chamber of Commerce by establishing the Eighth District BAC?
12. In what way was the Eleventh District BAC "instrumental in the selection of Bill Royer..."?
13. What made the Eleventh District BAC "extremely important" to Congressman Royer's "successful campaign"?
14. Produce for the Commission's inspection the Eighth District BAC's governing documents and the governing documents of other BACs with which you are connected.

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May 18, 1979

Dear :

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Dellums. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witty
Manager of Government Affairs

Mr. Leon M. Bryan
Manager, Advertising & Public Relations
Kaiser Cement Corp.
300 Lakeside Drive, #2457
Oakland, CA 94612

Mr. Lex J. Byers
Executive Vice President
Oakland Chamber of Commerce
1939 Harrison Street
Oakland, CA 94612

Mr. W. R. Corbett
Nabisco
P.O. Box 23832
Oakland, CA 94623

Ms. Connie Crawford
Director, State Government Relations
TRW, Inc. E2/11043
One Space Park
Redondo Beach, CA 90278

Mr. Gene Drossel
Vice President, Public Affairs
Kaiser Steel
P.O. Box 58
Oakland, CA 94604

Ms. Helen P. Goldsmith
Vice President
AMFAC, Inc.
P.O. Box 7813
San Francisco, CA 94120

Mr. Bruce H. Hasenkamp
Director, Government Relations
The Shaklee Corporation
1900 Powell Street, 12th Floor
Emeryville, CA 94608

Mr. Donald G. Livingston
Secretary
Carter Hawley Hale Stores, Inc.
550 South Flower
Los Angeles, CA 90071

Mr. Fred J. Martin, Jr.
Vice President
Bank of America, NT&SA
P.O. Box 37000
San Francisco, CA 94137

Mr. Carl H. Perdue
Director, Domestic Government
Affairs
Castle & Cooke, Inc.
50 California
San Francisco, CA 94111

Mr. Calvin P. Pond
Vice President, Public Affairs
Safeway Stores
4th & Jackson Streets
Oakland, CA 94660

Mr. Rodney W. Rood
Vice President & Assistant
to the Chairman
Atlantic Richfield Company
515 South Flower Street
Los Angeles, CA 90071

Mr. Michael P. Roudnev
Vice President
Del Monte
Corporation
P.O. Box 3575
San Francisco, CA 94119

Mr. Edmund Sajor
Representative -- Governmental
and Public Affairs
Pacific Gas & Electric Company
77 Beale Street
San Francisco, CA 94106

Mr. Jackson L. Schultz
Vice President
Wells Fargo Company
20 Montgomery Street
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Mr. Richard L. Spees
Vice President
Western Regional Public Affairs
Kaiser Aluminum & Chemical Corporation
300 Lakewide Drive
Oakland, CA 94643

Mr. Ward Stevenson
Senior Vice President
Crocker National Bank
611 West 6th Street
Los Angeles, CA 90017

Mr. Christopher L. Stewart
Director, Governmental Relations
Fireman's Fund
3333 California Street
San Francisco, CA 94119

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Mr. Robert W. Taggart
General Attorney
Southern Pacific
Transportation Company
One Market Street
San Francisco, CA 94105

EXHIBIT

E

from BAC mtg

6/1/79

- San Diego Chamber

- Berkeley Chamber

Fryer, Richardson, Moore

Paul Hill

Chambers of Commerce

August, recess

letter 2 1/2 p.m. August

meeting in 2 weeks
Chambers of
Commerce

Business Advisory
Council

Contact Group

ask for input of issues
list of issues -

See page

Small Business Affairs
Committee



FEDERAL ELECTION COMMISSION

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

MEMORANDUM TO: CHARLES STEELE *mwe*
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *mc*
DATE: FEBRUARY 21, 1980
SUBJECT: OBJECTION - MUR 1007 - General Counsel's
Report dated 2-13-80; Signed 2-18-80,
Received in OCS 2-19-80, 10:48

The above-named document was circulated on a 48
hour vote basis at 4:00, February 19, 1980.

Commissioner Friedersdorf submitted an objection
at 10:04, February 21, 1980, thereby placing MUR 1007
on the Executive Session Agenda for February 26, 1980.

00040193104

February 19, 1980

MEMORANDUM TO: Marjorie W. Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 1007

Please have the attached General Counsel's Report on
MUR 1007 distributed to the Commission on a 48 hour tally
basis. Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION
February 13, 1980

In the Matter of)
) MUR 1007
The Clorox Company)
L.D. Witty, Manager of)
Government Affairs)

GENERAL COUNSEL'S REPORT

I. FACTS/BACKGROUND

The Commission has found reason to believe that The Clorox Company, a corporation, ("Clorox") violated 2 U.S.C. § 441b by using corporate personnel and facilities to further the aims of an organization which has as one of its purposes the defeat of a member of Congress and the election of a representative whom the organization believes would be more responsive to business interests. This Office sent questions to Clorox and analyzed Clorox's response. Since those answers indicated that Clorox's undertaking was but part of a larger program to implement the political objectives of the Chamber of Commerce of the United States ("Chamber"), this office was of the opinion that the record justified a reason to believe finding that the Chamber, a corporation, may have violated section 441b and it so recommended in its report of December 5, 1979. However, it was felt that additional information should be sought from Clorox before proceeding to a determination of

1/ The Chamber of Commerce of the United States is an incorporated federation of trade associations. See O/R #790.

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whether there was reasonable cause to believe that Clorox violated that provision.

On December 20, 1979, a motion to find reason to believe that the Chamber of Commerce may have violated section 441b and to authorize the General Counsel to circulate revised questions to L.D. Witty, Rodney Rood and Jerry Vorpahl did not carry. The vote was 2-2 with one abstention.

A. The Chamber of Commerce of the United States

The Chamber is a national federation of organizations of business and professional people and companies, whose membership includes 3,600 Chambers of Commerce and trade associations.^{2/} The Chamber has a number of committees and programs. Additionally, the Chamber has six regional offices and each region has a regional manager and regional program managers.^{3/}

Our investigation of this matter has produced documents which 1) show that the Chamber established political objectives and 2) indicate that a program has been adopted at least in the Western Region to achieve those objectives, utilizing the facilities and personnel of the Chamber's Western Region and its members, such as Clorox.^{4/}

^{2/} Encyclopedia of Associations, National Organizations or the United States at ¶ 13167 (13th ed. 1979).

^{3/} World Wide Chamber of Commerce Directory, "Regional Offices, Chamber of Commerce, The United States" at 218-219 (July 1979).

^{4/} At present, we do not know whether the Western Region's program is a regional innovation or if the program is national in scope and is being utilized by other Chamber regional offices.

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The Chamber's "major objectives" for 1978 and 1980 were stated by the Chairman of the Western Region Public Affairs Task Force ("Public Affairs Task Force")^{5/} to be:

1. Electing a business-oriented Congress (retain 168 seats and add 52).
2. Encouraging business PACs to contribute 75 percent of their money to business-oriented candidates.
3. Developing more business PACs.
4. Involving more business people in selecting delegates to the 1980 National Convention.
5. Developing business sensitivity to congressional redistricting in key states.^{6/}

As Chairman of the Public Affairs Task Force, Rood advised the Task Force's members of a two-part program to achieve these goals. The first involved creation of a network of Congressional District Monitors ("C.D. Monitors") to "keep a close watch on the political climate and alert us, through the Chamber offices, of possible problems and opportunities."

^{5/} The Public Affairs Task Force consists of representatives of members of the Chamber of Commerce from the Western states and may also include representatives of that region's chambers of commerce. It meets periodically and considers matters of public affairs, including matters relating to federal elections. See October 24, 1978, Memorandum from Rodney Rood, Chairman of the Public Affairs Task Force to the members of the Task Force ("Rood Memorandum"), which is reproduced as an exhibit to Attachment I. The Task Force uses Chamber facilities; for example, the Rood Memorandum was on Chamber letterhead and stated that the Task Force's next meeting would be held in the Chamber's regional offices. Rood is a vice president of Atlantic Richfield and treasurer of its political action committee.

^{6/} Rood Memorandum, supra n.5.

The Public Affairs Task Force hoped to have a C.D. Monitor in every Congressional District in the nine Western states comprising the Western region.^{7/}

The second part of the plan provided for the establishment of so-called Business Advisory Councils ("BACs"). BACs were intended to be formed only in "opportunity" Congressional Districts and were intended to "work for the support and aid in the election of business-oriented candidates."^{8/} BAC

Guidelines were developed by a subcommittee of the Public Affairs Task Force, working with the manager of the Western Region.^{9/} Although the Guidelines enunciate both a campaign-related and a noncampaign-related purpose, the reason for having BACs is succinctly stated in the Guidelines' closing words -- "[w]e'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace."^{10/} The political activities approved by the Guidelines encompass all facets of campaign activity and include inventorying corporate assets

^{7/} Rood Memorandum, *supra* n.5. The extent to which there have been attempts to implement this portion of the plan is presently unknown.

^{8/} See Rood Memorandum, *supra* n.5.

^{9/} See Rood Memorandum, *supra* n.5; August 27, 1979, Letter from L.D. Witty to William C. Oldaker ("Witty Letter") (Attachment I) at 2; November 17, 1978, Communication from Jerry Vorpahl to L.D. Witty (Exhibit B to Attachment I).

^{10/} Exhibit B to Attachment I at 2.

available to campaign, fundraising, working with a campaign ^{11/} to election day and, "if necessary," even seeking a candidate.

We know of two attempts to create BACs in California. Clorox, at the January 1979 meeting of the Public Affairs Task Force (which was held in the office of the Western Region), agreed to explore establishing a BAC in California's Eighth Congressional District. It was that undertaking which led to the complaint initiating this MUR. The specifics of Clorox's effort are reviewed below in Section I-B; at this point it is sufficient to note that it communicated with other Chamber members at the behest and with the assistance of representatives of the Chamber. ^{12/}

The other effort to create a BAC in California was in the Eleventh Congressional District and predated the attempt to organize an Eighth Congressional District BAC. Ms. L.D. Witty, Clorox's Manager of Government Affairs and Treasurer of Clorox's political action committee, has informed us that representatives of the Western Region gave her language for a letter inviting Chamber members to send representatives to the organizational meeting of the Eighth Congressional District BAC. The suggested language informed the invitees that the first BAC was organized in California's Eleventh Congressional District and that "this

^{11/} November 17, 1978, communication from Jerry Vorpahl to L.D. Witty (Exhibit B to Attachment I).

^{12/} August 27, 1979, Letter from L.D. Witty to William C. Oldaker at Answer 5(a) (Attachment I).

Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign."^{13/}

In summary, the BAC program is intended to help achieve the Chamber's election objectives. Chamber facilities (office space, etc.) and personnel have been used for BAC purposes. Indeed, the Manager of the Western Region assisted in drafting the BAC Guidelines, which provide for BACs to engage in various campaign activities, and representatives of the Western Region have characterized the Eleventh Congressional District BAC as having been "instrumental" in the selection of Congressman Royer and as "extremely important to his successful campaign."

B. The Clorox Company

Clorox has been involved at two levels in connection with the Chamber's objectives.

First, Ms. Witty was a member of the Public Affairs Task Force's subcommittee which developed the BAC Guidelines. In that capacity, she met with the Chamber's Regional Manager and helped prepare the Guidelines, discussed above. Secondly, Clorox agreed at a Public Affairs Task Force Meeting to organize a BAC in California's Eighth Congressional District and, at the behest of the Chamber, to communicate with other Chamber

^{13/} August 27, 1979, Letter from L.D. Witty to William C. Oldaker at Answers 12 and 13. (Attachment I).

members with facilities in the District. Clorox's attempt to organize an Eighth Congressional District BAC is the focus of this section.

After Clorox agreed to form a BAC, a meeting was scheduled to be held in a Clorox conference room during regular working hours. A form letter was sent by Ms. Witty to representatives of twenty members of the Chamber.^{14/} The letter informed the invitees of the formal purposes of a BAC, that "the Council would serve as a focus for collective efforts to elect a more responsive Representative" and that the Eleventh Congressional District BAC "was instrumental in the selection of Bill Royer as the most electable pro-business candidate--and was extremely important to his successful campaign." The letter directed that RSVPs be by telephone, and the numbers listed were Clorox telephones and the person designated to receive the responses was the secretary to Clorox's Manager of Government Affairs. The letter was typed on an IBM mag card machine by a Clorox secretary. Production time was approximately one hour. Approximately 18 responses were received, mostly during business hours.

^{14/} The twenty U.S. Chamber members invited to send representatives were Kaiser Cement Corp., Oakland Chamber of Commerce, Nabisco, TRW, Kaiser Steel, AMFAC, Inc., The Shaklee Corporation, Carter Hawley Hale Stores, Inc., Bank of America, Castle & Cooke, Inc., Safeway Stores, Atlantic Richfield Company, Del Monte Corporation, Pacific Gas & Electric Company, Wells Fargo Company, Kaiser Aluminum & Chemical Corporation, Crocker National Bank, Fireman's Fund, Buttes Gas & Oil and Southern Pacific Transportation Company.

In anticipation of the meeting, Bob Slaughter, Clorox's Government Affairs Coordinator, spent about three hours developing background information on the geography and demographics of the District, as well as some background on incumbent Congressman Dellums' legislative interests. Ms. Witty has informed us that "backgrounding Congressional Districts in which Clorox has facilities" is a "normal business activity" of the Government Affairs Department.

Seven companies (at least six of which were incorporated) were represented at the meeting, which lasted approximately an hour and a quarter and during which Mr. Slaughter made a fifteen minute presentation on the District's characteristics. According to Ms. Witty, no organization was formed, although those present agreed to try to initiate a "communications program" with Congressman Dellums. As of our last communication with Clorox, no action had been taken on this program.

Thus, our investigation has produced evidence demonstrating that Clorox personnel, during business hours, have worked with the Chamber to establish a program for creating organizations which are only to be formed in "opportunity districts." The BAC Guidelines, which Clorox personnel helped develop, stated that one of the two purposes of BACs would be to "aid in the development and election of pro-business congressmen in a specified district" and that their political activities would include seeking a candidate, inventorying "corporate assets available to campaign,"

fundraising and working with the campaign to election day. Clorox personnel and facilities were then used to try to establish a BAC in California's Eighth Congressional District, with the intention of having that BAC "serve as a focus for collective efforts to elect a more responsive Representative."^{15/} For reasons not known to the Commission, those present at the organizational meeting decided not to form an Eighth Congressional District BAC.

II. LEGAL ANALYSIS

2 U.S.C. § 441b prohibits a corporation from making a contribution or expenditure in connection with a federal election. The Commission has previously found reason to believe that Clorox has violated section 441b. We are of the opinion that the Commission should find reason to believe that the Chamber may have violated section 441b.

Documents in our possession show that Chamber facilities and personnel were used in the course of pursuing the above-described campaign-related activities.^{16/} Such use of corporate facilities and personnel constitutes a "contribution or

^{15/} Clorox's political action committee did not report any expenditures relating to these activities on the reports it filed with the Commission.

^{16/} See Ms. Witty's sworn statement, and the exhibits thereto, which show that representatives of the Chamber's Western Region were integrally involved in developing the BAC Guidelines and in seeking to establish the Eighth Congressional District BAC.

expenditure" unless the statutory exemptions or the Commission's regulations remove this use of corporate resources from the scope of that term.^{17/} Additional investigation is needed, however, to determine if the activity comes within such an exemption. The need for further investigation is discussed below in Section II-A.

Section 441b also requires that the contribution or expenditure be "in connection with" a federal election. The activities described above in section I clearly were "in connection with" a federal election. Our investigation to date has uncovered documentary evidence of the plan for campaign-related activity, as well as guidelines for implementing the BAC portion of the Chamber's plan. Additionally, the file contains Ms. Witty's sworn statement that representatives of the Chamber's Western Region 1) sought to have Clorox form a BAC in California's Eighth Congressional District, 2) informed her that the first BAC was created in California's Eleventh Congressional District and 3) informed her that this Eleventh District BAC was "instrumental in the selection of Bill Royer as

^{17/} Thus, if these activities were financed by the National Chamber Alliance for Politics, which is the Chamber's political action committee, the expenditures would be within the exemption provided by section 441b(b)(2)(C). A review of the reports filed by the National Chamber Alliance for Politics disclosed expenditures for consulting services provided by regional manager Vorpahl to a number of congressional campaigns, including Congressman Royer's, but the itemizations do not contain sufficient information to reflect whether they include the Chamber's BAC efforts. Similarly, if the communications were from the Chamber to its members they would be exempt as permissible partisan communications if they went to the corporate representatives with whom the Chamber normally conducts the Chamber's activities and otherwise complied with the requirements of 11 C.F.R. § 114.3.

the most electable pro-business candidate -- and was extremely important to his successful campaign."

Accordingly, this office concludes that these facts are a sufficient basis for a reason to believe finding that the Chamber may have violated section 441b.

A. The Need for Further Investigation

Clorox's responses to our questions have, in turn, raised additional factual questions which we believe should be answered. The answers will ultimately bear on the issue of whether there is probable cause to believe that both the Chamber and Clorox violated section 441b. Additionally, further investigation is required to determine whether the Chamber's activities are within an exemption from the term "contribution or expenditure."

Clorox provided us with a copy of the BAC Guidelines. The Guidelines enumerate eight political activities. One such activity is to inventory corporate assets "available to campaign." One question to be answered is what is meant by the term "corporate assets"? Additional questions arise, i.e., do the Guidelines intend for this phrase to be limited to PAC money available for active electioneering directed at the general public and general treasury money and assets available for partisan communications to stockholders and executive or administrative personnel? The Guidelines further provide for implementing strategy and working with the campaign to election day. What form of assistance is envisioned? Clorox has advised us that a

normal business activity for Clorox's Government Affairs Department is to develop background information on the geographic and demographic characteristics of congressional districts in which it has facilities. What use is made of these studies and do the Guidelines intend that such studies should be provided to the BAC's candidate? Is this a corporate asset to be included in the inventory? A third activity is to "seek a candidate, if necessary." When does this become necessary? How is the candidate sought? Will this involve corporate assets? Clorox assisted in developing these Guidelines and their meaning is important to the handling and resolution of this matter.

Clorox's responses also raise questions as to the Western Task Force: what is it; what is its purpose; to what extent, and in what ways, does it become involved in Federal elections; and what is Clorox's involvement with it?

Finally, the Chamber's activities would be permissible if fully financed by its PAC, and the reports filed with the Commission do not foreclose the possibility that this was the method used. Therefore, further investigation is needed to determine whether the Chamber's BAC activities were financed by its PAC.

We believe that the investigation should not be concluded until these and similar questions are answered.

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B. Clorox's Defense

Clorox has responded to the Commission's reason to believe finding by alleging that it did not make an "expenditure" as that term is defined by the Act, as its activities fall within the exemption from that term contained in 2 U.S.C. § 431(f)(4)(C). Specifically, it alleges that section 431(f)(4)(C) defines out of the term "expenditure" communications from one member of a membership organization to another member at the organization's suggestion.^{18/}

At the outset we note that until our additional questions are answered, it is impossible to conclude that this matter only involves communications from one member of a membership organization to other members at the organization's suggestion.

Further, section 431(f)(4)(C), by its terms, applies only to communications by a membership organization to its members or by a corporation to its stockholders. The Clorox sponsored meeting involved communications from Clorox to other members of the Chamber, and not from the Chamber to its members or Clorox to its stockholders, and so the exemption should not apply. That Clorox acted at the suggestion of the Chamber does not change this result, as the communication was still from Clorox.

^{18/} Attachment I at 1.

Clorox has also alleged that it did not engage in any political activity. We are of the view that its involvement in developing the BAC Guidelines, in light of Rood's memorandum (which stated that BACs would only be created in "opportunity districts") and the language in the Clorox letter inviting representatives of other companies to the June 7, 1979, meeting ("...the Council would serve as a focus for collective efforts to elect a more responsive Representative.") demonstrate the substantial campaign-related nature of Clorox's activities.

III. RECOMMENDATION

This office recommends that the Commission:

1. find reason to believe that the Chamber of Commerce of the United States may have violated 2 U.S.C. § 441b; and
2. authorize transmittal of the attached letters and questions to L.D. Witty (Attachment II), Rodney Rood (Attachment III) and Jerry Vorpahl (Attachment IV).

18 February 1980
Date


Charles W. H. H. H.
General Counsel

Attachments
(listed next page)

Attachments

- I. August 27, 1979, Letter from L.D. Witty to William C. Oldaker with five attachments.
 - A. October 24, 1978, Memorandum from Rodney Rood to Public Affairs Task Force Members
 - B. BAC Guidelines and cover note from Jerry Vorpahl to L.D. Witty.
 - C. FEC Questions for L.D. Witty
 - D. Form Letter invitation used by L.D. Witty for the June 7, 1979, meeting with the list of invitees
 - E. L.D. Witty's notes on the June 7, 1979, meeting
- II. Letter and Questions to L.D. Witty
- III. Letter and Questions to Rodney Rood
- IV. Letter to Jerry Vorpahl
- V. List of Companies Represented at Clorox's Meeting to Form an Eighth Congressional District BAC.

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Attachment I

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FEDERAL ELECTION
COMMISSION

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August 27, 1979

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RE: MUR 1007

Dear Mr. Oldaker:

On August 13, 1979, I received your letter dated August 7, 1979, concerning a complaint which alleges that The Clorox Company may have violated the Federal Election Campaign Act of 1971, as amended. In response to your letter, this is to advise you that The Clorox Company did not intend to violate the Federal Election Campaign Act of 1971, and it is our position that The Clorox Company did not violate that Act. To substantiate this position, I have included a general statement of facts and answers to the questions enclosed with your letter.

The Clorox Company does acknowledge that as a member and at the suggestion of the U. S. Chamber of Commerce, we did communicate with other members relative to the advisability of establishing a BAC in the 8th Congressional District. This communication falls within the exemption of 2 U.S.C. 431(f)(4)(C) which, in part, states that an expenditure does not include "any communication by any membership organization or corporation to its members or stockholders" If indeed any partisan communication did take place, it was by one member of the U. S. Chamber of Commerce to another member at the suggestion of that membership organization.

In point of fact, no political activity took place at the meeting held June 7, 1979. The general statement gives a description of events leading to and including the meeting of June 7, 1979.

General Statement

On September 15, 1978 a meeting of the Western Region Public Affairs Task Force of the Chamber of Commerce of the United States was held in San Francisco, California. The Clorox Company is a member of the U. S. Chamber. As Government Affairs Manager for Clorox, I normally attend such meetings and attended this meeting.

The Clorox Company

General Offices 1221 Broadway Oakland, CA 94612 Tel (415) 271-7000
Mail Address P.O. Box 24305 Oakland, CA 94623

0047193122

William C. Oldaker, Esq.
Page Two
August 27, 1979

As Exhibit A attached indicates, a subcommittee was formed to "draw up policies and procedures for the operation of. . . BACs." To my knowledge, the meeting suggested by the memorandum attached as Exhibit A (page 2, item #2) never took place.

On November 14, 1978 I met with Mr. Jerry Vorpahl, Regional Manager-- Western Region, Chamber of Commerce of the U. S. and Mr. Gary L. O'Rielly, Western Regional Manager-Corporate Affairs, Western Region, International Paper Company, to discuss possible guidelines for U. S. Chamber BACs. On November 17, 1978 I received a note from Mr. Vorpahl enclosing "Business Advisory Council Guidelines." A copy of the note and the enclosure are attached as Exhibit B.

On January 12, 1979 another meeting of the U. S. Chamber's Western Regional Public Affairs Task Force was held. Mr. Bob Slaughter, Clorox's Government Affairs Coordinator, represented me at that meeting. Subsequently Mr. Slaughter told me that it had been agreed at the meeting that I should explore organizing a BAC in the 8th Congressional District. I agreed to do so.

On May 18, 1979 I sent letters to twenty U. S. Chamber members which, I believed, had facilities in the 8th Congressional District. The letter invited U. S. Chamber member representatives to a meeting to discuss the possible organization of an 8th Congressional District BAC.

The meeting was held on June 7, 1979. No organization was formed. It was agreed by those present to try to initiate a communications program with Congressman Dellums, 8th C. D. Representative. Mr. Lex Byers, Oakland Chamber of Commerce, a member of the U. S. Chamber, was to contact other 8th C. D. local chambers of commerce to help determine what public issues were of concern to 8th C. D. businesses and what the positions of 8th C. D. businesses on these issues were. Our intent was to invite Congressman Dellums to a joint meeting with members of these local chambers to discuss the issues.

To my knowledge, Mr. Byers did not contact the local chambers. No invitation was issued to Congressman Dellums. The group that met on June 7, 1979 held no further meetings.

No subsequent activity took place.

Answers to Questions for L. D. Witty (submitted by Mr. Oldaker, General Counsel, FEC)

NOTE: The answers given here are numbered sequentially as presented by the FEC. A copy of the questions is attached for reference as Exhibit C.

William C. Oldaker, Esq.
Page Three
August 27, 1979

1. No.
2. A Business Advisory Council for the 8th Congressional District was not formed. I am not aware of any BAC "activity" in the 8th C.D. other than explained in my General Statement.
3. (a) As explained in the foregoing General Statement, no 8th C.D. BAC was formed.
(b) See 3(a). I have had no involvement in the formation of any other BAC.
4. (a) My activity, and therefore, The Clorox Company's activity, related to the possible formation of an 8th C.D. BAC has been explained in the foregoing General Statement. The relationship, had a BAC been formed, would have been communication among U. S. Chamber members in the 8th C.D.
(b) None.
5. (a) No. My communication with other U. S. Chamber members was at the behest of the U. S. Chamber. While cooperating with the U. S. Chamber was discussed with Mr. D. L. Goodman, Vice President, Public Affairs and Marketing Services, I did not need, nor did I seek, permission from any Clorox official to send the letters.
(b) The decision at the January 12, 1979 meeting of the U. S. Chamber's Western Regional Public Affairs Task Force to ask me to explore forming an 8th C.D. BAC is explained in the foregoing General Statement.
6. (a) As stated above, the BAC was never established. Two employees of The Clorox Company assisted me in setting up the June 7, 1979 meeting.
(1) Mr. Bob Slaughter
Government Affairs Coordinator
The Clorox Company
1221 Broadway
Oakland, CA 94612
(415) 271-7725

Mr. Slaughter provided background information on the geography and demographics of the 8th C.D., as well as some background on Congressman Dellums' legislative interests. Backgrounding Congressional Districts in which Clorox has facilities is a normal business activity for Clorox's Government Affairs Department. His research was conducted intermittently during a period which I estimate to be mid-May to June 6, 1979.

William C. Oldaker, Esq.
Page Four
August 27, 1979

I would estimate that the total time spent on this research was three hours. Mr. Slaughter presented the 8th C.D. geographic and demographic information at the June 7, 1979 meeting. The presentation lasted approximately 15 minutes.

- (2) Ms. Carolyn S. Nixon
formerly Secretary to the Manager of Government Affairs
The Clorox Company

Ms. Nixon is presently relocating with her husband to Denver, Colorado. We do not have a current address or telephone number for her.

Ms. Nixon typed the letter of invitation (IBM mag card unit) to the June 7, 1979 meeting and accepted some of the RSVP telephone calls on the meeting. The letters were produced on May 18, 1979. Estimated production time is one hour. No records were retained on the telephone calls which she or I accepted. The calls were received during the period of approximately May 21 - June 6, 1979.

In addition, Mr. David L. Goodman, Vice President, Public Affairs and Marketing Services, The Clorox Company, welcomed attendees to the June 7, 1979 meeting. Mr. Goodman's informal welcoming remarks lasted approximately three minutes.

(b) None.

7. No BAC was formed. However, I did sign letters inviting people to a June 7, 1979 meeting to discuss the possible formation of a BAC. The outcome of that meeting is described in the foregoing General Statement. Employee time, stationery, postage and phone calls connected with the meeting are estimated in answers #6 and #8.

The June 7, 1979 meeting was held in a Clorox Company meeting room. It began at approximately 8:45 a.m. and concluded at approximately 10:00 a.m. Coffee was available during the meeting.

8. (a) Twenty. These were produced on an IBM mag card unit. A copy of the body of the identical letters and a list of the people invited is attached as Exhibit D.

(b) The Clorox Company.

(c)&(d) See answer to Question 6.

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William C. Oldaker, Esq.
Page Five
August 27, 1979

- (e) No records were kept of the telephone RSVP's. I estimate approximately 18 calls were received, most of these during Clorox's business hours which are 8:00 a.m. to 4:35 p.m. I believe a few calls were received by me after 4:35 p.m.

9. (a) No.

(b) Not applicable.

10. The June 7, 1979 meeting to discuss the formation of an 8th C.D. BAC is the only meeting that has been held. As the meeting was an informal discussion, no minutes were taken. The only record I have of the discussion held are some very rough notes. A copy of these notes are attached as Exhibit E. The following people attended the June 7, 1979 meeting:

The Clorox Company:	Mr. D. L. Goodman Ms. L. D. Witty Mr. B. Slaughter
Kaiser Aluminum & Chemical:	Mr. Tim Conlon, Public Affairs Representative
Castle & Cooke:	Ms. Karen Arato representing Mr. Carl Perdue, Director of Government Affairs
Nabisco:	Mr. Bob Corbett, Government Affairs Representative
Capwell's:	Mr. Jack Richardson, Chairman
Crocker National Bank:	Mr. John Warner, Vice President, Government Affairs
Oakland Chamber of Commerce:	Mr. Lex Byers, Executive Vice President

11. The cooperation with the U. S. Chamber of Commerce is explained in the foregoing General Statement.

- 12 & 13. The phrases in question were given to me by representatives of the U. S. Chamber of Commerce Western Regional Office. I do not know "in what way the Eleventh District BAC was instrumental in the selection of Bill Royer" nor do I know "what made the Eleventh District BAC extremely important to Congressman Royer's successful campaign."

William C. Oldaker, Esq.
Page Six
August 27, 1979

14. No 8th C.D. BAC was formed, therefore there are no 8th C.D. governing documents nor were any drafted. I am not connected with any other BACs.

The Clorox Company is being represented in this matter by Mr. Vigo G. Nielsen, Jr., Dobbs & Nielsen, Attorneys and Counselors at Law, Suite 2500, The Alcoa Building, One Maritime Plaza, San Francisco, CA 94111. Mr. Nielsen will notify you in writing.

The Clorox Company prefers that this matter remain confidential in accordance with 2 U.S.C. 437(a)(3)(B).

Sincerely,

L. D. Witty

(Ms.) L. D. Witty
Manager of Government Affairs

LDW:rmf

Enclosures

cc: ✓ Jay B. Myerson, Esq.

I certify that all the information in this letter and in the attachments incorporated by reference are true and correct to the best of my knowledge.

L. D. Witty

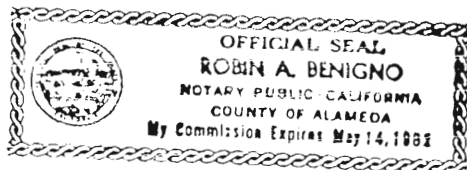
L. D. Witty

Aug. 27, 1979

Date

State of California)
County of Alameda) ss

On August 27, 1979, before the undersigned, a Notary Public for the State of California, personally appeared L. D. Witty, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same.



Robin A. Benigno
Notary Public

My Commission expires May 14, 1982.

007793127

EXHIBIT A

Chamber of Commerce of the United States of America

San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

Thanks also to Lyn Nofziger and Joe Cerrell for preparing a valuable panel on "How To Work Better With Non-Business Oriented Candidates." Clark MacGregor's keynote remarks on the outlook for the national races and NCAP (National Chamber Alliance for Politics) set the stage for the day's meeting.

GOALS: The National Chamber's major objectives in this election year and 1980 are these:

- 1.) Elect a business-oriented Congress (Retain 168 seats and add 52)
- 2.) Encourage business PACs to contribute 75% of their money to business-oriented candidates.
- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

BUSINESS ADVISORY COUNCILS: There was some confusion regarding the development of Business Advisory Councils (BACs) and Congressional District Monitors by the Task Force, as a result of thinking that this was a program that could be initiated yet this election year. However, the intention is to create either Monitors or BACs for the 1980 national elections (and beyond), and not for 1978.

- 1.) CD Monitors: The PATF hopes to have one key contact person in every district of 9 Western states who will keep a close watch on the political climate and alert us, through the chamber offices, of possible problems, and opportunities. When necessary, the CD Monitor will be instrumental in forming a BAC.

- 2.) Business Advisory Council: These will be formed in opportunity districts only and will work for the support and aid in the election of business-oriented candidates. A sub-committee has been comprised to draw up policies and procedures for the operation of these BACs. This sub-committee consists of: Gary O'Reilly, Dandy Witty, Fred Martin (through Shelia Radman), Jack Schultz, John Christensen and Esther Rushford Greene.

If you have any ideas for this program, please contact me.

NEXT MEETING:

Friday, January 12, 1979

9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

This meeting will be held in the new Western Regional offices of the chamber, just 5 minutes south of the airport. We plan to have a reception the evening before for Task Force members who will be coming in on the 11th.

Please put that date on your calendars now and plan to join us for a shirt-sleeves session that will provide an early start on gearing up for 1980.

RR:djb

1
I'll call you on
this next week.

- Jerry -

I think you'll find this of interest.

Jerry Vorpahl
Regional Manager
415/348-4011



Western Region
Chamber of Commerce of the United States
Burlingame, California

EXHIBIT

B

Business Advisory Council Guidelines

PURPOSE:

- 1.) To advise, influence and communicate with current congressmen regarding business-oriented issues and legislation of concern to the U. S. Chamber.
- 2.) To aid in the development and election of pro-business congressmen in a specified District.

MEMBERS:

Each Business Advisory Council will be comprised of 10-12 members, all members of the U.S. Chamber, who are interested in meeting at least quarterly. In most cases, the BAC chairman will be a member of the Western Region Public Affairs Task Force. Other members will consist of: Top CEOs and heads of major employers in the CD, representatives of major corporations with PACs and local chambers of commerce and Trade Association executives.

COMMUNICATIONS FUNCTION:

- 1.) Provide information and advice to Congressman regarding important business issues, and to communicate the National Chamber's position.
- 2.) Assess the local impact of important legislation and communicate that to both the Congressman and the chamber.
- 3.) Identify emerging issues, assess the Congressman's position on these issues and attempt to influence early in the game.
- 4.) Establish and maintain open channels of communication and good working relationships with Congressman and his staff.

POLITICAL
FUNCTION:

- 1.) Rate the incumbant
- 2.) Rate existing candidates
- 3.) Seek a candidate, if necessary
- 4.) Assess the political climate of the District
- 5.) Determine the BAC strategy
- 6.) Inventory Corporate Assests available to campaign
- 7.) Develop early money and long-term fund raising effort
- 8.) Implement strategy and work with campaign to election day

CONSIDERATION:

Each Business Advisory Council in each Congressional District may serve in both a communications and political function. There will not be two separate BACs, one working with an existing Congressman who's voting record is a shambles and the other working to defeat him. However, it is imperative that the dual purposes of the BAC be clearly expressed to the Congressman at the onset. (We'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace).

Questions for L. D. Witty

1. Are you an officer of The Clorox Company?
2. When was the Business Advisory Council for California's Eighth Congressional District ("Eighth District BAC") created?
3. (a) How did you come to form the Eighth District BAC?
(b) Is this the only BAC formed by you or in which you have been actively involved? If not, identify the other BACs.
4. (a) Explain the relation, if any, which exists between the Eighth District BAC and The Clorox Company.
(b) If other BACs were identified in response to 3(b), please explain the relation, if any, which exists between them and The Clorox Company and between the BACs themselves.
5. (a) Did anyone in The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who? (Identify each such person by name, address, telephone number, relation to The Clorox Company, and why the person's authorization was sought.)
(b) Did anyone outside The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who?
6. (a) Identify all Clorox stockholders, officers, employees and agents who assisted you in establishing the Eighth District BAC or who have helped since it was established (identify each such person by name, address, telephone number, relation to the Clorox Company, nature of assistance rendered and the date and times when such assistance was provided).
(b) Provide the same information as is sought by 6(a) for all Clorox stockholders, officers, employees and agents who assisted with any other BAC (identify by name and position each person making such use and authorizing such use).
7. What use, if any, was made of Clorox Company facilities or services for BAC-related activities? (Identify by name and position each person making and authorizing such use and state what was used and when and why it was used.)

8. (a) How many letters were mailed announcing the June 7, 1979 meeting? Provide the Commission with copies of each letter.
- (b) Who paid the postage for these letters?
- (c) Who typed the letters?
- (d) What is Carolyn Nixon's relation to The Clorox Company and to the Eighth District BAC?
- (e) How many telephone calls were received in response to the invitations to the June 7, 1979, meeting? How many of these were received during business hours?
9. (a) Was The Clorox Company reimbursed or compensated for the use of its facilities, services or employees?
- (b) For each instance of reimbursement or compensation, state when the payment was made, how much was paid and how the amount of payment was determined.
10. State the dates on which the Eighth District BAC met, who attended each meeting and provide the Commission with copies of the minutes of each meeting.
11. In what way were you cooperating with the Chamber of Commerce by establishing the Eighth District BAC?
12. In what way was the Eleventh District BAC "instrumental in the selection of Bill Royer..."?
13. What made the Eleventh District BAC "extremely important" to Congressman Royer's "successful campaign"?
14. Produce for the Commission's inspection the Eighth District BAC's governing documents and the governing documents of other BACs with which you are connected.

0049193134

May 18, 1979

Dear :

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Dellums. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witty
Manager of Government Affairs

0040193135

Mr. Leon M. Bryan
Manager, Advertising & Public Relations
Kaiser Cement Corp.
300 Lakeside Drive, #2457
Oakland, CA 94612

Mr. Lex J. Byers
Executive Vice President
Oakland Chamber of Commerce
1939 Harrison Street
Oakland, CA 94612

Mr. W. R. Corbett
Nabisco
P.O. Box 23832
Oakland, CA 94623

Ms. Connie Crawford
Director, State Government Relations
TRW, Inc. E2/11043
One Space Park
Redondo Beach, CA 90278

Mr. Gene Droschel
Vice President, Public Affairs
Kaiser Steel
P.O. Box 58
Oakland, CA 94604

Ms. Helen P. Coldsmith
Vice President
AMFAC, Inc.
P.O. Box 7813
San Francisco, CA 94120

Mr. Bruce H. Hasenkamp
Director, Government Relations
The Shaklee Corporation
1900 Powell Street, 12th Floor
Emeryville, CA 94608

Mr. Donald G. Livingston
Secretary
Carter Hawley Hale Stores, Inc.
550 South Flower
Los Angeles, CA 90071

Mr. Fred J. Martin, Jr.
Vice President
Bank of America, NT&SA
P.O. Box 37000
San Francisco, CA 94137

Mr. Carl H. Perdue
Director, Domestic Government
Affairs
Castle & Cooke, Inc.
50 California
San Francisco, CA 94111

Mr. Calvin P. Pond
Vice President, Public Affairs
Safeway Stores
4th & Jackson Streets
Oakland, CA 94660

Mr. Rodney W. Rood
Vice President & Assistant
to the Chairman
Atlantic Richfield Company
515 South Flower Street
Los Angeles, CA 90071

Mr. Michael P. Roudnev
Vice President
Del Monte
Corporation
P.O. Box 3575
San Francisco, CA 94119

Mr. Edmund Sajor
Representative -- Governmental
and Public Affairs
Pacific Gas & Electric Company
77 Beale Street
San Francisco, CA 94106

Mr. Jackson L. Schultz
Vice President
Wells Fargo Company
20 Montgomery Street
San Francisco, CA 94144

Mr. Richard L. Spees
Vice President
Western Regional Public Affairs
Kaiser Aluminum & Chemical Corporation
300 Lakewide Drive
Oakland, CA 94643

Mr. Ward Stevenson
Senior Vice President
Crocker National Bank
611 West 6th Street
Los Angeles, CA 90017

Mr. Christopher L. Stewart
Director, Governmental Relations
Fireman's Fund
3333 California Street
San Francisco, CA 94119

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Mr. Robert W. Taggart
General Attorney
Southern Pacific
Transportation Company
One Market Street
San Francisco, CA 94105

EXHIBIT

E

L.N. N. notes
from BAC mtg

6/7/79

- San Diego in Chambers -

- Berkeley Chamber -

Pyron 7th San Francisco

Food Area -

Chambers of Commerce

Subject recess

Letter 7/3 to subject

meeting in 2 weeks -

Chambers of
Commerce

Business Advisory

Council is

Contact Org.

ask for input of issues
- list of issues -

- Lay off

Small Business Affairs
Committee

Attachment II

00000193140



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Vigo G. Nielsen, Jr.
DOBBS & NIELSEN
The ALCOA Building, Suite 2500
One Maritime Plaza
San Francisco, California 94111

Re: MUR 1007

Dear Mr. Nielsen:

We appreciate your client's cooperation in our investigation of this matter.

Enclosed are some additional questions for Ms. Witty. We hope that with her answers to these questions we will be able to complete our investigation of this matter as it relates to The Clorox Company as a respondent.

Sincerely,

Charles N. Steele
General Counsel

Enclosure

Questions for Ms. L. D. Witty

0010193141

QUESTIONS FOR L. D. WITTY

1. (a) Describe the purpose of the Western Region Public Affairs Task Force ("Western Task Force").
- (b) When did The Clorox Company become a member of the Western Task Force?
- (c) Describe the nature and scope of The Clorox Company's involvement with the Western Task Force.

2. Describe the interrelationship of the Chamber of Commerce of the United States, the Western Regional Office of the Chamber of Commerce of the United States ("Western Regional Office"), the Western Task Force, Business Advisory Councils ("BACs"), Congressional District Monitors ("C.D. Monitors") and the National Chamber Alliance for Politics. Identify which of these organizations are incorporated.

3. On October 24, 1978, Rodney Rood, Chairman of the Western Task Force, sent a memorandum to the members of the Western Task Force in which he wrote that BACs will only be formed in "opportunity districts." A copy of this memorandum is attached hereto as Exhibit I.

- (a) What is an opportunity district?
- (b) Is the Eighth Congressional District of California considered an opportunity district? If so, why? If not, why not?
- (c) Were you requested by someone connected with the Western Task Force to form a BAC in California's Eighth Congressional District? If so, who made the request and what reasons were given for it?
- (d) By letter dated August 27, 1979 (Exhibit II), you confirmed that a meeting was held on June 7, 1979, in a conference room in The Clorox Building. The meeting's purpose was to organize an Eighth District BAC (Exhibit III).
 - (i) Did the people attending that meeting decide not to form a BAC in California's Eighth Congressional District?
 - (ii) If such a decision was reached, what prompted it?

Questions

L. D. Witty :

- (iii) You have advised the Commission that Mr. Bob Slaughter, Clorox Company's Government Affairs Coordinator, presented background information on the geography and demographics of the Eighth Congressional District. Did this information lead to, or result in, the conclusion that the district was not an "opportunity district?"

4. Mr. Rood wrote, in his October 24, 1978, Memorandum, that the Western Task Force hoped to have Congressional District Monitors in every Congressional District in nine Western states for the 1980 elections and beyond.

- (a) Has the Western Task Force taken any steps to implement this proposal?
- (b) If the answer to (a) is yes, describe the steps which have been taken.

5. Mr. Rood reported in his October 24, 1978, memorandum, that you were one of six people appointed to a subcommittee of the Western Task Force to draw up policies and procedures for the operation of BACs ("Guidelines Subcommittee"). On November 14, 1978, you met with a Regional Manager of the Western Region of the Chamber of Commerce of the United States, as well as with another member of the Guidelines Subcommittee, to discuss possible guidelines for U.S. Chamber BACs. (Exhibit II). Three days later, that Regional Manager sent you the Business Advisory Council Guidelines ("BAC Guidelines"). (Exhibit IV).

- (a) Describe your role, if any, in developing the BAC Guidelines.
- (b) Identify, by date and participants, each meeting or communication in which you participated or were represented which concerned guidelines for BACs. Provide the Commission with a summary of the substance of each meeting or communication. Where available, a copy of relevant writings, such as minutes or file memoranda, may be produced in lieu of summaries.

6. The BAC Guidelines identify two purposes of a BAC. One of these purposes is to "aid in the development and election of pro-business congressmen in a specified District."

- (a) How is this purpose to be implemented?
- (b) What is a "specified District?"

Questions
L. D. Witty :

7. The BAC Guidelines also identify eight activities under the heading "political function."

- (a) Please explain how each activity is to be accomplished and financed.
- (b) Would any of the political function activities involve communications to persons who are not members of the Chamber or to individuals representing corporate members of the Chamber who are not the representatives with whom the Chamber normally conducts its activities? If so, which activities would reach other persons and who would be the other persons.

8. One of the BAC Guidelines' political function activities is to inventory corporate assets "available to campaign."

- (a) What constitutes a corporate asset?
- (b) How are such assets to be used?

9. Another BAC Guidelines' political function activity is to seek a candidate "if necessary." Who makes this decision and what criteria are used?

10. Have the BAC Guidelines been modified from the version sent to you on November 17, 1978? If so, how? Where available, a copy of each modification, with the date of modification, may be submitted to the Commission in lieu of a written explanation of the modification.

11. You explained in your August 27, 1979, letter to Mr. Oldaker that "backgrounding" congressional districts in which The Clorox Company has facilities is a normal business activity for the Government Affairs Department. Are such studies

- (a) made available to one or more political committees which participate in any Federal election, including candidate committees or political action committees?
- (b) would such studies be "corporate assets" under the BAC Guidelines?

100-10193144

L. D. Witty :

13. Identify all costs borne by The Clorox Company in connection with BACs, including costs related to developing BAC guidelines. In responding to this question, include employee time. The usual and normal charge (11 C.F.R. § 100.4(a)(1)(iii)(B)) should be used when calculating the cost for facilities, including office equipment.

- I. October 24, 1978, Memorandum from Rodney Rood to members of the Western Task Force.
- II. August 27, 1979, Letter from L.D. Witty to William C. Oldaker
- III. Form invitation letter for June 7, 1979, meeting and a copy of the invitation which was sent to Mr. Larry Stewart
- IV. BAC Guidelines

POLITICAL
FUNCTION:

- 1.) Rate the incumbent
- 2.) Rate existing candidates
- 3.) Seek a candidate, if necessary
- 4.) Assess the political climate of the District
- 5.) Determine the BAC strategy
- 6.) Inventory Corporate Assests available to campaign
- 7.) Develop early money and long-term fund raising effort
- 8.) Implement strategy and work with campaign to election day

CONSIDERATION:

Each Business Advisory Council in each Congressional District may serve in both a communications and political function. There will not be two separate BACs, one working with an existing Congressman who's voting record is a shambles and the other working to defeat him. However, it is imperative that the dual purposes of the BAC be clearly expressed to the Congressman at the onset. (We'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace).

000009146

Business Advisory Council Guidelines

PURPOSE:

- 1.) To advise, influence and communicate with current congressmen regarding business-oriented issues and legislation of concern to the U. S. Chamber.
- 2.) To aid in the development and election of pro-business congressmen in a specified District.

MEMBERS:

Each Business Advisory Council will be comprised of 10-12 members, all members of the U.S. Chamber, who are interested in meeting at least quarterly. In most cases, the BAC chairman will be a member of the Western Region Public Affairs Task Force. Other members will consist of: Top CEOs and heads of major employers in the CD, representatives of major corporations with PACs and local chambers of commerce and Trade Association executives.

COMMUNICATIONS
FUNCTION:

- 1.) Provide information and advice to Congressman regarding important business issues, and to communicate the National Chamber's position.
- 2.) Assess the local impact of important legislation and communicate that to both the Congressman and the chamber.
- 3.) Identify emerging issues, assess the Congressman's position on these issues and attempt to influence early in the game.
- 4.) Establish and maintain open channels of communication and good working relationships with Congressman and his staff.

00010193147

EXHIBIT IV

Let call you on
This next week.

- Jerry -

I think you'll find this of interest.

Jerry Vorpahl
Regional Manager
415/348-4011



Western Region
Chamber of Commerce of the United States
Burlingame, California



May 18, 1979

EXHIBIT III - 2

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Dear Mr. Stewart:

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Bellows. In addition, -- the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 12th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Wilby

Manager of Government Affairs

The Clorox Company

General Offices 1221 Broadway Oakland CA 94612 Tel (415) 271-7000
P.O. Box 20000 Oakland CA 94623

00040193149

May 18, 1979

Dear :

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

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An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Dellums. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witty

Manager of Government Affairs

515000

My Commission expires May 14, 1982.

William C. Oldaker, Esq.
Page Five
August 27, 1979

- (e) No records were kept of the telephone RSVP's. I estimate approximately 18 calls were received, most of these during Clorox's business hours which are 8:00 a.m. to 4:35 p.m. I believe a few calls were received by me after 4:35 p.m.

9. (a) No.

(b) Not applicable.

10. The June 7, 1979 meeting to discuss the formation of an 8th C.D. BAC is the only meeting that has been held. As the meeting was an informal discussion, no minutes were taken. The only record I have of the discussion held are some very rough notes. A copy of these notes are attached as Exhibit E. The following people attended the June 7, 1979 meeting:

The Clorox Company:

Mr. D. L. Goodman
Ms. L. D. Witty
Mr. B. Slaughter

Kaiser Aluminum & Chemical:

Mr. Tim Conlon,
Public Affairs Representative

Castle & Cooke:

Ms. Karen Arato representing
Mr. Carl Perdue, Director of
Government Affairs

Nabisco:

Mr. Bob Corbett,
Government Affairs Representative

Capwell's:

Mr. Jack Richardson, Chairman

Crocker National Bank:

Mr. John Warner,
Vice President, Government Affairs

Oakland Chamber of Commerce:

Mr. Lex Byers,
Executive Vice President

11. The cooperation with the U. S. Chamber of Commerce is explained in the foregoing General Statement.

- 12 & 13. The phrases in question were given to me by representatives of the U. S. Chamber of Commerce Western Regional Office. I do not know "in what way the Eleventh District BAC was instrumental in the selection of Bill Royer" nor do I know "what made the Eleventh District BAC extremely important to Congressman Royer's successful campaign."

I would estimate that the total time spent on this research was three hours. Mr. Slaughter presented the 8th C.D. geographic and demographic information at the June 7, 1979 meeting. The presentation lasted approximately 15 minutes.

- (2) Ms. Carolyn S. Nixon
formerly Secretary to the Manager of Government Affairs
The Clorox Company

Ms. Nixon is presently relocating with her husband to Denver, Colorado. We do not have a current address or telephone number for her.

Ms. Nixon typed the letter of invitation (IBM mag card unit) to the June 7, 1979 meeting and accepted some of the RSVP telephone calls on the meeting. The letters were produced on May 18, 1979. Estimated production time is one hour. No records were retained on the telephone calls which she or I accepted. The calls were received during the period of approximately May 21 - June 6, 1979.

In addition, Mr. David L. Goodman, Vice President, Public Affairs and Marketing Services, The Clorox Company, welcomed attendees to the June 7, 1979 meeting. Mr. Goodman's informal welcoming remarks lasted approximately three minutes.

(b) None.

7. No BAC was formed. However, I did sign letters inviting people to a June 7, 1979 meeting to discuss the possible formation of a BAC. The outcome of that meeting is described in the foregoing General Statement. Employee time, stationery, postage and phone calls connected with the meeting are estimated in answers #6 and #8.

The June 7, 1979 meeting was held in a Clorox Company meeting room. It began at approximately 8:45 a.m. and concluded at approximately 10:00 a.m. Coffee was available during the meeting.

8. (a) Twenty. These were produced on an IBM mag card unit. A copy of the body of the identical letters and a list of the people invited is attached as Exhibit D.

(b) The Clorox Company.

(c)&(d) See answer to Question 6.

William C. Oldaker, Esq.
Page Three
August 27, 1979

1. No.
2. A Business Advisory Council for the 8th Congressional District was not formed. I am not aware of any BAC "activity" in the 8th C.D. other than explained in my General Statement.
3. (a) As explained in the foregoing General Statement, no 8th C.D. BAC was formed.
(b) See 3(a). I have had no involvement in the formation of any other BAC.
4. (a) My activity, and therefore, The Clorox Company's activity, related to the possible formation of an 8th C.D. BAC has been explained in the foregoing General Statement. The relationship, had a BAC been formed, would have been communication among U. S. Chamber members in the 8th C.D.
(b) None.
5. (a) No. My communication with other U. S. Chamber members was at the behest of the U. S. Chamber. While cooperating with the U. S. Chamber was discussed with Mr. D. L. Goodman, Vice President, Public Affairs and Marketing Services, I did not need, nor did I seek, permission from any Clorox official to send the letters.
(b) The decision at the January 12, 1979 meeting of the U. S. Chamber's Western Regional Public Affairs Task Force to ask me to explore forming an 8th C.D. BAC is explained in the foregoing General Statement.
6. (a) As stated above, the BAC was never established. Two employees of The Clorox Company assisted me in setting up the June 7, 1979 meeting.
(i) Mr. Bob Slaughter
Government Affairs Coordinator
The Clorox Company
1221 Broadway
Oakland, CA 94612
(415) 271-7725

Mr. Slaughter provided background information on the geography and demographics of the 8th C.D., as well as some background on Congressman Dellums' legislative interests. Backgrounding Congressional Districts in which Clorox has facilities is a normal business activity for Clorox's Government Affairs Department. His research was conducted intermittently during a period which I estimate to be mid-May to June 6, 1979.

William C. Oldaker, Esq.
Page Two
August 27, 1979

As Exhibit A attached indicates, a subcommittee was formed to "draw up policies and procedures for the operation of. . . BACs." To my knowledge, the meeting suggested by the memorandum attached as Exhibit A (page 2, item #2) never took place.

On November 14, 1978 I met with Mr. Jerry Vorpahl, Regional Manager-- Western Region, Chamber of Commerce of the U. S. and Mr. Gary L. O'Rielly, Western Regional Manager--Corporate Affairs, Western Region, International Paper Company, to discuss possible guidelines for U. S. Chamber BACs. On November 17, 1978 I received a note from Mr. Vorpahl enclosing "Business Advisory Council Guidelines." A copy of the note and the enclosure are attached as Exhibit B.

On January 12, 1979 another meeting of the U. S. Chamber's Western Regional Public Affairs Task Force was held. Mr. Bob Slaughter, Clorox's Government Affairs Coordinator, represented me at that meeting. Subsequently Mr. Slaughter told me that it had been agreed at the meeting that I should explore organizing a BAC in the 8th Congressional District. I agreed to do so.

On May 18, 1979 I sent letters to twenty U. S. Chamber members which, I believed, had facilities in the 8th Congressional District. The letter invited U. S. Chamber member representatives to a meeting to discuss the possible organization of an 8th Congressional District BAC.

The meeting was held on June 7, 1979. No organization was formed. It was agreed by those present to try to initiate a communications program with Congressman Dellums, 8th C. D. Representative. Mr. Lex Byers, Oakland Chamber of Commerce, a member of the U. S. Chamber, was to contact other 8th C. D. local chambers of commerce to help determine what public issues were of concern to 8th C. D. businesses and what the positions of 8th C. D. businesses on these issues were. Our intent was to invite Congressman Dellums to a joint meeting with members of these local chambers to discuss the issues.

To my knowledge, Mr. Byers did not contact the local chambers. No invitation was issued to Congressman Dellums. The group that met on June 7, 1979 held no further meetings.

No subsequent activity took place.

Answers to Questions for L. D. Witty (submitted by Mr. Oldaker, General Counsel, FEC)

NOTE: The answers given here are numbered sequentially as presented by the FEC. A copy of the questions is attached for reference as Exhibit C.

RECEIVED
FEDERAL ELECTION
COMMISSION

79 AUG 27 AM 10 26

August 27, 1979

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RE: MUR 1007

Dear Mr. Oldaker:

On August 13, 1979, I received your letter dated August 7, 1979, concerning a complaint which alleges that The Clorox Company may have violated the Federal Election Campaign Act of 1971, as amended. In response to your letter, this is to advise you that The Clorox Company did not intend to violate the Federal Election Campaign Act of 1971, and it is our position that The Clorox Company did not violate that Act. To substantiate this position, I have included a general statement of facts and answers to the questions enclosed with your letter.

The Clorox Company does acknowledge that as a member and at the suggestion of the U. S. Chamber of Commerce, we did communicate with other members relative to the advisability of establishing a BAC in the 8th Congressional District. This communication falls within the exemption of 2 U.S.C. 431(f)(4)(C) which, in part, states that an expenditure does not include "any communication by any membership organization or corporation to its members or stockholders" If indeed any partisan communication did take place, it was by one member of the U. S. Chamber of Commerce to another member at the suggestion of that membership organization.

In point of fact, no political activity took place at the meeting held June 7, 1979. The general statement gives a description of events leading to and including the meeting of June 7, 1979.

General Statement

On September 15, 1978 a meeting of the Western Region Public Affairs Task Force of the Chamber of Commerce of the United States was held in San Francisco, California. The Clorox Company is a member of the U. S. Chamber. As Government Affairs Manager for Clorox, I normally attend such meetings and attended this meeting.

The Clorox Company

General Offices 1221 Broadway, Oakland, CA 94612 Tel (415) 274-7000
Mail Address P.O. Box 24305, Oakland, CA 94623

- 2.) Business Advisory Council: These will be formed in opportunity districts only and will work for the support and aid in the election of business-oriented candidates. A sub-committee has been comprised to draw up policies and procedures for the operation of these BACs. This sub-committee consists of: Gary O'Reilly, Dandy Witty, Fred Martin (through Shelia Radman), Jack Schultz, John Christensen and Esther Rushford Greene.

If you have any ideas for this program, please contact me.

NEXT MEETING:

Friday, January 12, 1979

9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

This meeting will be held in the new Western Regional offices of the chamber, just 5 minutes south of the airport. We plan to have a reception the evening before for Task Force members who will be coming in on the 11th.

Please put that date on your calendars now and plan to join us for a shirt-sleeves session that will provide an early start on gearing up for 1980.

RR:djb

Chamber of Commerce of the United States of America

San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

Thanks also to Lyn Nofziger and Joe Cerrell for preparing a valuable panel on "How To Work Better With Non-Business Oriented Candidates." Clark MacGregor's keynote remarks on the outlook for the national races and NCAP (National Chamber Alliance for Politics) set the stage for the day's meeting.

GOALS: The National Chamber's major objectives in this election year and 1980 are these:

- 1.) Elect a business-oriented Congress (Retain 168 seats and add 52)
- 2.) Encourage business PACs to contribute 75% of their money to business-oriented candidates.
- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

BUSINESS ADVISORY COUNCILS: There was some confusion regarding the development of Business Advisory Councils (BACs) and Congressional District Monitors by the Task Force, as a result of thinking that this was a program that could be initiated yet this election year. However, the intention is to create either Monitors or BACs for the 1980 national elections (and beyond), and not for 1978.

- 1.) CD Monitors: The PATF hopes to have one key contact person in every district of 9 Western states who will keep a close watch on the political climate and alert us, through the chamber offices, of possible problems, and opportunities. When necessary, the CD Monitor will be instrumental in forming a BAC.

● Attachment III ●

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Rodney W. Rood
Vice President and Assistant
to the Chairman
Atlantic Richfield Company
515 South Flower Street
Los Angeles, California 90071

Re: MUR 1007

Dear Mr. Rood:

The Federal Election Commission has received a complaint which alleges that The Clorox Company, individually or in concert with others, committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

In the course of our investigation of this complaint, we received a copy of a memorandum you sent on October 24, 1978, to the members of the Western Region Public Affairs Task Force ("Western Task Force") in your capacity as chairman of that group. (A copy of that memorandum is attached as Exhibit II). You wrote that the Western Task Force hoped to have Congressional District Monitors ("CD Monitors") in every Congressional District in nine Western states for the 1980 elections and beyond. You also wrote that Business Advisory Councils were to be formed in "opportunity districts only and will work for the support and aid in the election of business-oriented candidates" and that "[w]hen necessary, the CD Monitor will be instrumental in forming a BAC."

In connection with these activities, the Commission requests that you answer the attached questions (Exhibit II). You may wish to be represented by counsel in answering these questions. If you intend to be represented by counsel, please have such counsel so notify us in writing.

Mr. Rodney W. Rood
Page 2

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this letter.

This matter is to remain confidential in accordance with 2 U.S.C. section 437g(a)(3)(B) since the Commission has not received written notification that the respondent(s) wish the investigation to be made public.

If you have any questions, please contact Kevin H. Smith, the attorney assigned to this matter, at (202) 523-4529.

Sincerely,

Enclosures

Questions

October 24, 1978, Memorandum from Rodney Rood to
the Western Task Force

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QUESTIONS FOR RODNEY ROOD

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1. (a) When was the Western Region Public Affairs Task Force ("Western Task Force") created and by whom?
 - (b) Describe the purpose of the Western Task Force, the activities in which it engages and how those activities are financed.
 2. (a) When did you become chairman of the Western Task Force and are you still its chairman? If you are no longer the Chairman, who is?
 - (b) What are/were your duties as Chairman of the Western Task Force?
 - (c) What compensation, if any, have you received as chairman of the Western Task Force and, if you have received compensation, from whom have you received it.?
 - (d) Did you engage in Western Task Force activities during regular working hours? If so, was your employer reimbursed for your time?
 3. (a) What are BACs?
 - (b) How and why did BACs come into existence?
 - (c) How are BACs financed?
 - (d) How did you learn of BACs?
 - (e) Describe the nature and scope of your involvement in establishing and operating BACs.
 - (f) State the name, address, employer and the position title of:
 - (i) the individual with ultimate responsibility for the BAC program;
 - (ii) the individual who has supervisory responsibility for the BAC program in the Chamber of Commerce's Western Region;
 - (iii) the individuals with supervisory responsibility for the BAC program at the state level;

- (iv) the individuals with supervisory responsibility for the BAC program at the local level;
- (v) any other individual with supervisory authority over the BAC program.

4. (a) What is an "opportunity district?"

(b) Who decides whether a congressional district is an opportunity district and what criteria are applied?

(c) Identify each district which has been identified as an opportunity district and the approximate date on which it was so identified.

5. (a) Identify each BAC, the date on which it was established, the congressional district in which it is or was operating, the date of its dissolution and the names and addresses of its organizer(s) and chief executive officer.

(b) Did the Western Task Force ask Ms. L. D. Witty of The Clorox Company to establish a BAC in California's Eighth Congressional District?

6. In your October 24, 1978, Memorandum, you reported the creation of a subcommittee of the Western Task Force "to draw up policies and procedures for the operation" of BACs.

(a) Describe the nature and scope of your involvement in developing Business Advisory Council Guidelines and summarize the contents of the Guidelines and each modification thereof. Where available, a copy of the Guidelines and of each modification may be produced in lieu of a summary.

(b) Identify the individuals, by name, address, employer and title of position held, with whom you met or communicated for the purpose of developing, approving or implementing the BAC Guidelines.

7. In your October 24, 1978, Memorandum, you stated that BACs "will work for the support and aid in the election of business-oriented candidates."

(a) Describe by BAC each activity which has been undertaken to support or aid a candidate for Federal office, how each was financed and state the amount expended. In each instance, identify the candidate on whose behalf

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the expenditure was made and state whether the activity was undertaken in cooperation with, or at the suggestion of, a candidate, his authorized committee(s) or their agents.

- (b) Identify each political function activity which would reach:
 - (i) persons who are not members of the Chamber of Commerce;
 - (ii) individuals representing corporate members of the Chamber where these individuals are not the representatives with whom the Chamber normally conducts its activities.

8. Identify and summarize, or produce, each BAC-related circular, enclosure, flyer, handbook, instruction, manual, memoranda and report.

- 9. (a) Did any corporations provide corporate facilities or services including the use of officers or employees during regular business hours for BAC activities? (Identify by name and address each corporation which provided facilities, services, corporate officers or corporate employees and the name and position of the individual who authorized each such use. Additionally, state what was used, when it was used and the purpose for which it was used).
- (b) In those corporations identified in response to (a), set forth each instance of reimbursement or payment, if any, by stating to whom and by whom payment was made and how the amount paid was calculated).
- 10. (a) What are CD Monitors?
- (b) How and why did they come into existence?
- (c) Describe the activities of CD Monitors.
- (d) How are the activities of CD Monitors financed?
- (e) In your October 24, 1978, memorandum, you stated that "[w]hen necessary, the CD Monitors will be instrumental in forming a BAC."
 - (i) Who decides when it is necessary for a CD Monitor to establish a BAC and what criteria are used?

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- 4 -

- (ii) Identify each CD Monitor, by name, address, job title and name of employer, who has helped form a BAC and state whether they engaged in these activities during regular working hours.

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Attachment IV

0040193165



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Jerry Vorpahl
Regional Manager, Western Region
Chamber of Commerce of the United States
500 Airport Boulevard, Suite 240
Burlingame, California 94010

Re: MUR 1007

Dear Mr. Vorpahl:

This letter is to notify you that the Federal Election Commission ("Commission"), in the normal course of its supervisory responsibilities, has found evidence that your organization may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A summary of the possible violation is enclosed.

Please submit any factual or legal materials which the Chamber believes are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12) unless the Chamber notifies the Commission in writing that it wishes the matter to be made public.

If the Chamber intends to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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Mr. Jerry Vorpahl
Page 2

If you have any questions, please contact Kevin H. Smith, the attorney assigned to this matter, at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

Enclosures

1. Summary of Possible Violation
2. Questions
3. Procedures

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FEDERAL ELECTION COMMISSION

NOTIFICATION OF POSSIBLE VIOLATION

February 13, 1980

MUR NO. 1007

STAFF ATTORNEY AND TEL. NO.

Jay B. Myerson (202) 523-4529

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

RESPONDENTS: The respondents in this matter are the Chamber of Commerce of the United States and a corporation whose identity cannot be disclosed at this time because it has not waived the Act's confidentiality requirements.

ALLEGATION: Chamber facilities and personnel may have been used in connection with federal elections.

RELEVANT STATUTE: 2 U.S.C. § 441b(a)

PRELIMINARY FACTUAL BASIS

The Chamber is a national federation of organizations 1/ of business and professional people and companies, whose membership includes 3,600 Chambers of Commerce and trade associations. 2/ The Chamber has a number of committees and programs. Additionally, the Chamber has six regional offices and each region has a regional manager and regional program managers. 3/

1/ The Chamber of Commerce of the United States is an incorporated federation of trade associations. See O/R #790.

2/ Encyclopedia of Associations, National Organizations of the United States at ¶ 13167 (13th ed. 1979).

3/ World Wide Chamber of Commerce Directory, "Regional Offices, Chamber of Commerce, The United States" at 218-219 (July 1979).

The Chamber's "major objectives" for 1978 and 1980 were stated by the Chairman of the Western Region Public Affairs Task Force ("Public Affairs Task Force") 4/ to be:

1. Electing a business-oriented Congress (retain 168 seats and add 52.)
2. Encouraging business PACs to contribute 75 percent of their money to business-oriented candidates.
3. Developing more business PACs.
4. Involving more business people in selecting delegates to the 1980 National Convention.
5. Developing business sensitivity to congressional redistricting in key states. 5/

As Chairman of the Public Affairs Task Force, Rood advised the Task Force's members of a two-part program to achieve these goals. The first involved creation of a network of Congressional District Monitors ("C.D. Monitors") to keep a close watch on the political climate and alert us, through the Chamber offices, of possible problems and opportunities." The Public Affairs Task Force hoped to have a C.D. Monitor in every Congressional District in the nine Western states comprising the Western region. 6/

The second part of the plan provided for the establishment of so-called Business Advisory Councils ("BACs"). BACs were intended to be formed only in "opportunity" Congressional

4/ The Public Affairs Task Force consists of representatives of members of the Chamber of Commerce from the Western states and may also include representatives of that region's chambers of commerce. It meets periodically and considers matters of public affairs, including matters relating to federal elections. October 24, 1978, Memorandum from Rodney Rood, Chairman of the Public Affairs Task Force to the members of the Task Force ("Rood Memorandum"). The Task Force uses Chamber facilities; for example, the Rood Memorandum was on Chamber letterhead and stated that the Task Force's next meeting would be held in the Chamber's regional offices.

5/ Rood Memorandum, supra n.4

6/ Rood Memorandum, supra n.5.

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Districts and were intended to "work for the support and aid in the election of business-oriented candidates." 7/ BAC Guidelines were developed by a subcommittee of the Public Affairs Task Force, working with the manager of the Western Region. Although the Guidelines enunciate both a campaign-related and a noncampaign-related purpose, the reason for having BACs is succinctly stated in the Guidelines' closing words -- "[w]e'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace." The political activities approved by the Guidelines encompass all facets of campaign activity and include inventorying corporate assets available to campaign, fundraising, working with a campaign to election day and, "if necessary," even seeking a candidate.

The Commission knows of two attempts to create BACs in California. The Clorox Company ("Clorox"), at the January 1979 meeting of the Public Affairs Task Force (which was held in the office of the Western Region), agreed to explore establishing a BAC in California's Eighth Congressional District.

The other effort to create a BAC in California was in the Eleventh Congressional District and predated the attempt to organize an Eighth Congressional District BAC. The Commission has evidence that representatives of the Western Region gave Clorox's Manager of Government Affairs language for a letter inviting Chamber members to send representatives to the organizational meeting of the Eighth Congressional District BAC. The suggested language informed the invitees that the first BAC was organized in California's Eleventh Congressional District and that "this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign."

In summary, the BAC program is intended to help achieve the Chamber's election objectives. Chamber facilities (office space, etc.) and personnel have been used for BAC purposes. Indeed, the Manager of the Western Region assisted in drafting the BAC Guidelines, which provide for BACs to engage in various campaign activities, and representatives of the Western Region have characterized the Eleventh Congressional District BAC as having been "instrumental" in the selection of Congressman Royer and as "extremely important to his successful campaign."

7/ Kood Memorandum, supra n.5.

PRELIMINARY LEGAL ANALYSIS

2 U.S.C. § 441b prohibits a corporation from making a contribution or expenditure in connection with a federal election. The Commission has found reason to believe that the Chamber may have violated section 441b.

Documents in the Commission's possession show that Chamber facilities and personnel were used in the course of pursuing the above-described campaign-related activities. Such use of corporate facilities and personnel constitutes a "contribution or expenditure" unless the statutory exemptions or the Commission's regulations remove this use of corporate resources from the scope of that term. Additional investigation is needed, however, to determine if the activity comes within such an exemption.

Section 441b also requires that the contribution or expenditure be "in connection with" a federal election. The activities described above clearly were "in connection with" a federal election. The Commission's investigation to date has uncovered documentary evidence of the plan for campaign-related activity, as well as guidelines for implementing the BAC portion of the Chamber's plan. Additionally, the file contains evidence that representatives of the Chamber's Western Region sought to have Clorox form a BAC in California's Eighth Congressional District and asserted that the first BAC was created in California's Eleventh Congressional District and that this Eleventh District BAC was "instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign."

These facts gave the Commission reason to believe that the Chamber may have violated section 441b.

QUESTIONS

Jerry Vorpahl

1. State your present and past positions with the United States Chamber of Commerce and its Western Regional Office, the dates you held each position and each position's duties and responsibilities.

2. (a) Identify and state the purposes of each of the following:

- (i) the Western Region Public Affairs Task Force ("Western Task Force");
- (ii) Business Advisory Councils ("BACs");
- (iii) Congressional District Monitors ("CD Monitors");
- (iv) the National Chamber Alliance for Politics.

(b) Explain the organizational relationship of the Chamber of Commerce of the United States, its Western Regional Office, the Western Task Force, C.D. Monitors, BACs and the National Chamber Alliance for Politics and identify which of these organizations are incorporated.

(c) State the name, title and address of:

- (i) the individual with ultimate responsibility for the BAC program;
- (ii) the individual who has supervisory responsibility for the BAC program in the Western Region;
- (iii) the individuals with supervisory responsibility for the BAC program at the state level;
- (iv) the individuals with supervisory responsibility for the BAC program at the local level;
- (v) any other individual with supervisory authority over the BAC program.

3. State how you learned of BACs and CD Monitors.

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4. On November 14, 1978, you met with Ms. L. D. Witty and Mr. Gary L. O'Reilly to discuss possible guidelines for Business Advisory Councils. On November 17, 1978, you transmitted Business Advisory Council Guidelines ("BAC Guidelines") to Ms. Witty (Attachment I).

- (a) Describe the nature and scope of your involvement in establishing and operating BACs.
- (b) Describe the nature and scope of your involvement in developing, approving and implementing the BAC Guidelines.
- (c) Identify the individuals by name, address, employer and title of position held, with whom you met or communicated for the purpose of developing, approving or implementing the BAC Guidelines.

5. The BAC Guidelines identify two BAC purposes, one of which is to "aid in the development and election of pro-business congressmen in a specified District."

- (a) How is this purpose to be implemented?
- (b) What is a "specified District?"

6. The BAC Guidelines also identify eight activities under the heading "political function."

- (a) Explain how each activity is to be accomplished and financed.
- (b) Identify each political function activity which would reach:
 - (i) persons who are not members of the Chamber of Commerce;
 - (ii) individuals representing corporate members of the Chamber where these individuals are not the representatives with whom the Chamber normally conducts its activities.

7. One of the political function activities identified in the BAC Guidelines consists of inventorying corporate assets "available to campaign."

- (a) What constitutes a corporate asset?

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(b) How are such assets to be used?

8. The BAC Guidelines also include as a political function activity seeking a candidate "if necessary."

(a) Identify those persons who decide when it is "necessary" to seek a candidate.

(b) Identify when it is "necessary" to seek a candidate and the criteria or standards used in the decision.

(c) Identify each district in which a candidate is being or has been sought or is or has been supported.

9. (a) Was the version of the BAC Guidelines you sent to Ms. Witty an approved version or a draft version?

(b) If it was a draft, were Guidelines ever approved, and, if so, when and how did they vary from the draft sent to Ms. Witty?

(c) If BAC Guidelines have been approved, who approved them?

10. Describe by BAC each activity which has been undertaken to elect or defeat a candidate for Federal office, how each was financed and state the amount expended. In each instance, identify the candidate on whose behalf the expenditure was made and state whether the activity was undertaken in cooperation with, or at the suggestion of, a candidate, his authorized committee(s) or their agents.

11. Identify and summarize, or produce, each BAC-related circular, enclosure, flyer, handbook, instruction, manual, memoranda and report.

12. (a) Did any corporations provide the use of corporate facilities or services, including the use of officers or employees during regular business hours, for BAC activities? (Identify by name and address each corporation which provided facilities, services, corporate officers or corporate employees and the name and position of the individual who authorized each such use. Additionally, state what was used, when it was used and the purpose for which it was used).

(b) For those corporations identified in response to (a), set forth each instance of reimbursement or payment, if any, by stating to whom and by whom payment was made, for what it was made and how the amount paid was calculated.

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ATTACHMENT V

<u>COMPANY</u>	<u>REPRESENTATIVE</u>	<u>TITLE</u>
Capwell's	Jack Richardson	Chairman
*Castle Cooke, Inc.	Karen Arato ^{1/}	
*The Clorox Company	D. L. Goodman	Vice Pres., Public Affairs & Marketing Services
	L. D. Witty	Manager, Government Affairs
	Bob Slaughter	Government Affairs Coordinator
*Crocker National Bank	John Warner	Vice Pres., Government Affairs
*Kaiser Aluminum & Chemical Corp.	Tim Conlon	Public Affairs Representative
*Nabisco, Inc.	Bob Corbett	Governmental Affairs Representative
Oakland Chamber of Commerce	Lex Byers	Executive Vice President

* Asterisked companies are incorporated.

^{1/} Ms. Arato represented Mr. Carl Perdue, Director of Government Affairs.

0040193175

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The Clorox Company)
L. D. Witty, Manager of)
Government Affairs)

MUR 1007

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on December 20, 1979, do hereby certify that the Commission failed, by a vote of 2-2, to pass a motion to take the following actions in MUR 1007:

1. FIND REASON TO BELIEVE that the Chamber of Commerce of the United States may have violated 2 U.S.C. §441b; and
2. authorize the General Counsel to circulate revised questions to L. D. Witty, Rodney Rood, and Jerry Vorpahl for Commission approval.

Commissioners Reiche and Tiernan voted affirmatively for the above actions; Commissioners Aikens and Friedersdorf dissented; Commission McGarry abstained on the vote. Commissioner Harris was not present at the time of the vote.

Attest:

12/31/79

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY *me*

DATE: DECEMBER 19, 1979

SUBJECT: MUR 1007 - General Counsel's Report
date 12-5-79; Signed 12-13-79;
Received in OCS 12-14-79, 11:25

The above-named document was circulated on a 48 hour vote basis at 11:00, December 17, 1979.

Commissioner Friedersdorf submitted an objection at 10:06, December 19, 1979.

This matter will be placed on the Executive Session Agenda for January 8, 1980, unless the Commission decides to consider the matter during the Executive Session of December 20, 1979.

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December 14, 1979

MEMORANDUM TO: Marjorie W. Emmons
FROM : Jane Colgrove
SUBJECT: MUR 1007

Please have the attached General Counsel's Report
on MUR 1007 distributed to the Commission on a 48
hour tally basis.

Thank you.

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RECEIVED
OFFICE OF THE
COMMISSIONER

BEFORE THE FEDERAL ELECTION COMMISSION
December 5, 1979

79 DEC 14 AM: 25

In the Matter of)
) MUR 1007
The Clorox Company)
L.D. Witty, Manager of)
Government Affairs)

GENERAL COUNSEL'S REPORT

I. FACTS/BACKGROUND

The Commission has found reason to believe that The Clorox Company, a corporation, ("Clorox") violated 2 U.S.C. § 441b by using corporate personnel and facilities to further the aims of an organization which has as one of its purposes the defeat of a member of Congress and the election of a representative whom the organization believes would be more responsive to business interests. This Office sent questions to Clorox and has now analyzed Clorox's response. Since it appears that Clorox's undertaking was but part of a larger program to implement the political objectives of the Chamber of Commerce of the United States ("Chamber"), we believe that the present record justifies a reason to believe finding that the Chamber, a corporation,^{1/} has violated section 441b. However, we feel that additional information should be sought from Clorox before determining the question of whether there

^{1/} The Chamber of Commerce of the United States is an incorporated federation of trade associations. See O/R #790.

is reasonable cause to believe that Clorox violated that provision.

A. The Chamber of Commerce of the United States

The Chamber is a national federation of organizations of business and professional people and companies, whose membership includes 3,600 Chambers of Commerce and trade associations.^{2/} The Chamber has a number of committees and programs. Additionally, the Chamber has six regional offices and each region has a regional manager and regional program managers.^{3/}

Our investigation of this matter has produced documents which 1) show that the Chamber established political objectives and 2) indicate that a program has been adopted at least in the Western Region to achieve those objectives, utilizing the facilities and personnel of the Chamber's Western Region and its members, such as Clorox.^{4/}

^{2/} Encyclopedia of Associations, National Organizations of the United States at ¶ 13167 (13th ed. 1979).

^{3/} World Wide Chamber of Commerce Directory, "Regional Offices, Chamber of Commerce, The United States" at 218-219 (July 1979).

^{4/} At present, we do not know whether the Western Region's program is a regional innovation or if the program is national in scope and is being utilized by other Chamber regional offices.

The Chamber's "major objectives" for 1978 and 1980 were stated by the Chairman of the Western Region Public Affairs Task Force ("Public Affairs Task Force")^{5/} to be:

1. Electing a business-oriented Congress (retain 168 seats and add 52).
2. Encouraging business PACs to contribute 75 percent of their money to business-oriented candidates.
3. Developing more business PACs.
4. Involving more business people in selecting delegates to the 1980 National Convention.
5. Developing business sensitivity to congressional redistricting in key states.^{6/}

As Chairman of the Public Affairs Task Force, Rood advised the Task Force's members of a two-part program to achieve these goals. The first involved creation of a network of Congressional District Monitors ("C.D. Monitors") to "keep a close watch on the political climate and alert us, through the Chamber offices, of possible problems and opportunities."

^{5/} The Public Affairs Task Force consists of representatives of members of the Chamber of Commerce from the Western states and may also include representatives of that region's chambers of commerce. It meets periodically and considers matters of public affairs, including matters relating to federal elections. See October 24, 1978, Memorandum from Rodney Rood, Chairman of the Public Affairs Task Force to the members of the Task Force ("Rood Memorandum"), which is reproduced as an exhibit to Attachment 1. The Task Force uses Chamber facilities; for example, the Rood Memorandum was on Chamber letterhead and stated that the Task Force's next meeting would be held in the Chamber's regional offices. Rood is a vice president of Atlantic Richfield and treasurer of its political action committee.

^{6/} Rood Memorandum, supra n.5.

The Public Affairs Task Force hoped to have a C.D. Monitor in every Congressional District in the nine Western states comprising the Western region.^{7/}

The second part of the plan provided for the establishment of so-called Business Advisory Councils ("BACs"). BACs were intended to be formed only in "opportunity" Congressional Districts and were intended to "work for the support and aid in the election of business-oriented candidates."^{8/} BAC

Guidelines were developed by a subcommittee of the Public Affairs Task Force, working with the manager of the Western Region.^{9/} Although the Guidelines enunciate both a campaign-related and a noncampaign-related purpose, the reason for having BACs is succinctly stated in the Guidelines' closing words -- "[w]e'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace."^{10/} The political activities approved by the Guidelines encompass all facets of campaign activity and include inventorying corporate assets

^{7/} Rood Memorandum, *supra* n.5. The extent to which there have been attempts to implement this portion of the plan is presently unknown.

^{8/} See Rood Memorandum, *supra* n.5.

^{9/} See Rood Memorandum, *supra* n.5; August 27, 1979, Letter from L.D. Witty to William C. Oldaker ("Witty Letter") (Attachment I) at 2; November 17, 1978, Communication from Jerry Vorpahl to L.D. Witty (Exhibit B to Attachment I).

^{10/} Exhibit B to Attachment I at 2.

available to campaign, fundraising, working with a campaign ^{11/} to election day and, "if necessary," even seeking a candidate.

We know of two attempts to create BACs in California. Clorox, at the January 1979 meeting of the Public Affairs Task Force (which was held in the office of the Western Region), agreed to explore establishing a BAC in California's Eighth Congressional District. It was that undertaking which led to the complaint initiating this MUR. The specifics of Clorox's effort are reviewed below in Section I-B; at this point it is sufficient to note that it communicated with other Chamber members at the behest and with the assistance of representatives ^{12/} of the Chamber.

The other effort to create a BAC in California was in the Eleventh Congressional District and predated the attempt to organize an Eighth Congressional District BAC. Ms. L.D. Witty, Clorox's Manager of Government Affairs and Treasurer of Clorox's political action committee, has informed us that representatives of the Western Region gave her language for a letter inviting Chamber members to send representatives to the organizational meeting of the Eighth Congressional District BAC. The suggested language informed the invitees that the first BAC was organized in California's Eleventh Congressional District and that "this

^{11/} November 17, 1978, communication from Jerry Vorpahl to L.D. Witty (Exhibit B to Attachment I).

^{12/} August 27, 1979, Letter from L.D. Witty to William C. Oldaker at Answer 5(a) (Attachment I).

Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign."^{13/}

In summary, the BAC program is intended to help achieve the Chamber's election objectives. Chamber facilities (office space, etc.) and personnel have been used for BAC purposes. Indeed, the Manager of the Western Region assisted in drafting the BAC Guidelines, which provide for BACs to engage in various campaign activities, and representatives of the Western Region have characterized the Eleventh Congressional District BAC as having been "instrumental" in the selection of Congressman Royer and as "extremely important to his successful campaign."

B. The Clorox Company

Clorox has been involved at two levels in connection with the Chamber's objectives.

First, Ms. Witty was a member of the Public Affairs Task Force's subcommittee which developed the BAC Guidelines. In that capacity, she met with the Chamber's Regional Manager and helped prepare the Guidelines, discussed above. Secondly, Clorox agreed at a Public Affairs Task Force Meeting to organize a BAC in California's Eighth Congressional District and, at the behest of the Chamber, to communicate with other Chamber

^{13/} August 27, 1979, Letter from L.D. Witty to William C. Olanek at Answers 12 and 13. (Attachment 1).

members with facilities in the District. Clorox's attempt to organize an Eighth Congressional District BAC is the focus of this section.

After Clorox agreed to form a BAC, a meeting was scheduled to be held in a Clorox conference room during regular working hours. A form letter was sent by Ms. Witty to representatives of twenty members of the Chamber.^{14/} The letter informed the invitees of the formal purposes of a BAC, that "the Council would serve as a focus for collective efforts to elect a more responsive Representative" and that the Eleventh Congressional District BAC "was instrumental in the selection of Bill Royer as the most electable pro-business candidate--and was extremely important to his successful campaign." The letter directed that RSVPs be by telephone, and the numbers listed were Clorox telephones and the person designated to receive the responses was the secretary to Clorox's Manager of Government Affairs. The letter was typed on an IBM mag card machine by a Clorox secretary. Production time was approximately one hour. Approximately 18 responses were received, mostly during business hours.

14/ The twenty U.S. Chamber members invited to send representatives were Kaiser Cement Corp., Oakland Chamber of Commerce, Nabisco, TRW, Kaiser Steel, AMFAC, Inc., The Shaklee Corporation, Carter Hawley Hale Stores, Inc., Bank of America, Castle & Cooke, Inc., Safeway Stores, Atlantic Richfield Company, Del Monte Corporation, Pacific Gas & Electric Company, Wells Fargo Company, Kaiser Aluminum & Chemical Corporation, Crocker National Bank, Fireman's Fund, Buttes Gas & Oil and Southern Pacific Transportation Company.

In anticipation of the meeting, Bob Slaughter, Clorox's Government Affairs Coordinator, spent about three hours developing background information on the geography and demographics of the District, as well as some background on incumbent Congressman Dellums' legislative interests. Ms. Witty has informed us that "backgrounding Congressional Districts in which Clorox has facilities" is a "normal business activity" of the Government Affairs Department.

Seven companies (at least six of which were incorporated) were represented at the meeting, which lasted approximately an hour and a quarter and during which Mr. Slaughter made a fifteen minute presentation on the District's characteristics. According to Ms. Witty, no organization was formed, although those present agreed to try to initiate a "communications program" with Congressman Dellums. As of our last communication with Clorox, no action had been taken on this program.

Thus, our investigation has produced evidence demonstrating that Clorox personnel, during business hours, have worked with the Chamber to establish a program for creating organizations which are only to be formed in "opportunity districts." The BAC Guidelines, which Clorox personnel helped develop, stated that one of the two purposes of BACs would be to "aid in the development and election of pro-business congressmen in a specified district" and that their political activities would include seeking a candidate, inventorying "corporate assets available to campaign,"

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fundraising and working with the campaign to election day. Clorox personnel and facilities were then used to try to establish a BAC in California's Eighth Congressional District, with the intention of having that BAC "serve as a focus for collective efforts to elect a more responsive Representative."^{15/} For reasons not known to the Commission, those present at the organizational meeting decided not to form an Eighth Congressional District BAC.

II. LEGAL ANALYSIS

2 U.S.C. § 441b prohibits a corporation from making a contribution or expenditure in connection with a federal election. The Commission has found reason to believe that Clorox has violated section 441b. This Office has now concluded that on the basis of the present record the Commission has reason to believe that the Chamber has violated section 441b.

Documents in our possession show that Chamber facilities and personnel were used in the course of pursuing the above-described campaign-related activities.^{16/} Such use of corporate facilities and personnel constitutes a "contribution or

^{15/} Clorox's political action committee did not report any expenditures relating to these activities on the reports it filed with the Commission.

^{16/} See Ms. Witty's sworn statement, and the exhibits thereto, which show that representatives of the Chamber's Western Region were integrally involved in developing the BAC Guidelines and in seeking to establish the Eighth Congressional District BAC.

expenditure" unless the statutory exemptions or the Commission's regulations remove this use of corporate resources from the scope of that term. Additional investigation is needed, however ^{17/} to determine if the activity comes within such an exemption. The need for further investigation is discussed below in Section II-A.

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Section 441b also requires that the contribution or expenditure be "in connection with" a federal election. The activities described above in section I clearly were "in connection with" a federal election. Our investigation to date has uncovered documentary evidence of the plan for campaign-related activity, as well as guidelines for implementing the BAC portion of the Chamber's plan. Additionally, the file contains Ms. Witty's sworn statement that representatives of the Chamber's Western Region 1) sought to have Clorox form a BAC in California's Eighth Congressional District, 2) informed her that the first BAC was created in California's Eleventh Congressional District and 3) informed her that this Eleventh District BAC was "instrumental in the selection of Bill Royer as

^{17/} Thus, if these activities were financed by the National Chamber Alliance for Politics, which is the Chamber's political action committee, the expenditures would be within the exemption provided by section 441b(b)(2)(C). A review of the reports filed by the National Chamber Alliance for Politics disclosed expenditures for consulting services provided by regional manager Vorpahl to a number of congressional campaigns, including Congressman Royer's, but the itemizations do not contain sufficient information to reflect whether they include the Chamber's BAC efforts.

the most electable pro-business candidate -- and was extremely important to his successful campaign."

Accordingly, this office concludes that these facts give the Commission reason to believe that the Chamber violated section 441b.

1. The Need for Further Investigation

Clorox's responses to our questions have, in turn, raised additional factual questions which we believe should be answered. The answers will ultimately bear on the issue of whether there is reasonable cause to believe that both the Chamber and Clorox violated section 441b. Additionally, further investigation is required to determine whether the Chamber's activities are within an exemption from the term "contribution or expenditure."

Clorox provided us with a copy of the BAC Guidelines. The Guidelines enumerate eight political activities. One such activity is to inventory corporate assets "available to campaign." One question to be answered is what is meant by the term "corporate assets"? Additional questions arise, i.e., do the Guidelines intend for this phrase to be limited to PAC money available for active electioneering directed at the general public and general treasury money and assets available for partisan communications to stockholders and executive or administrative personnel? The Guidelines further provide for implementing strategy and working with the campaign to election day. What form of assistance is envisioned? Clorox has advised us that a

normal business activity for Clorox's Government Affairs Department is to develop background information on the geographic and demographic characteristics of congressional districts in which it has facilities. What use is made of these studies and do the Guidelines intend that such studies should be provided to the BAC's candidate? Is this a corporate asset to be included in the inventory? A third activity is to "seek a candidate, if necessary." When does this become necessary? How is the candidate sought? Will this involve corporate assets? Clorox assisted in developing these Guidelines and their meaning is important to the handling and resolution of this matter.

Clorox's responses also raise questions as to the Western Task Force: what is it; what is its purpose; to what extent, and in what ways, does it become involved in Federal elections; and what is Clorox's involvement with it?

Finally, the Chamber's activities would be permissible if fully financed by its PAC, and the reports filed with the Commission do not foreclose the possibility that this was the method used. Therefore, further investigation is needed to determine whether the Chamber's BAC activities were financed by its PAC.

We believe that the investigation should not be concluded until these and similar questions are answered.

2. Clorox's Defense

Clorox has responded to the Commission's reason to believe finding by alleging that it did not make an "expenditure" as that term is defined by the Act, as its activities fall within the exemption from that term contained in 2 U.S.C. § 431(f)(4)(C). Specifically, it alleges that section 431(f)(4)(C) defines out of the term "expenditure" communications from one member of a membership organization to another member at the organization's suggestion.^{18/}

At the outset we note that until our additional questions are answered, it is impossible to conclude that this matter only involves communications from one member of a membership organization to other members at the organization's suggestion.

Further, section 431(f)(4)(C), by its terms, applies only to communications by a membership organization to its members or by a corporation to its stockholders. The Clorox sponsored meeting involved communications from Clorox to other members of the Chamber, and not from the Chamber to its members or Clorox to its stockholders, and so the exemption should not apply. That Clorox acted at the suggestion of the Chamber does not change this result, as the communication was still from Clorox.

^{18/} Attachment I at 1.


Clorox has also alleged that it did not engage in any political activity. We are of the view that its involvement in developing the BAC Guidelines, in light of Rood's memorandum (which stated that BACs would only be created in "opportunity districts") and the language in the Clorox letter inviting representatives of other companies to the June 7, 1979, meeting ("...the Council would serve as a focus for collective efforts to elect a more responsive Representative.") demonstrate the substantial campaign-related nature of Clorox's activities.

III. RECOMMENDATION

This office recommends that the Commission:

1. find reason to believe that the Chamber of Commerce of the United States violated 2 U.S.C. § 441b; and
2. authorize transmittal of the attached letters and questions to L.D. Witty (Attachment II), Rodney Rood (Attachment III) and Jerry Vorpahl (Attachment IV).

13 December 1979
Date


Charles N. Steele
General Counsel

Attachments
(listed next page)

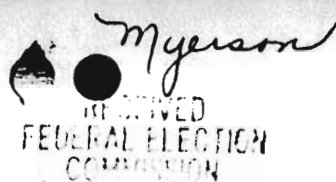
Attachments

- I. August 27, 1979, Letter from L.D. Witty to William C. Oldaker with five attachments.
 - A. October 24, 1978, Memorandum from Rodney Rood to Public Affairs Task Force Members
 - B. BAC Guidelines and cover note from Jerry Vorpahl to L.D. Witty.
 - C. FEC Questions for L.D. Witty
 - D. Form Letter invitation used by L.D. Witty for the June 7, 1979, meeting with the list of invitees
 - E. L.D. Witty's notes on the June 7, 1979, meeting
- II. Letter and Questions to L.D. Witty
- III. Letter and Questions to Rodney Rood
- IV. Letter and Questions to Jerry Vorpahl
- V. List of Companies Represented at Clorox's Meeting to Form an Eighth Congressional District BAC.

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Attachment I

00100195



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August 27, 1979

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RE: MUR 1007

Dear Mr. Oldaker:

On August 13, 1979, I received your letter dated August 7, 1979, concerning a complaint which alleges that The Clorox Company may have violated the Federal Election Campaign Act of 1971, as amended. In response to your letter, this is to advise you that The Clorox Company did not intend to violate the Federal Election Campaign Act of 1971, and it is our position that The Clorox Company did not violate that Act. To substantiate this position, I have included a general statement of facts and answers to the questions enclosed with your letter.

The Clorox Company does acknowledge that as a member and at the suggestion of the U. S. Chamber of Commerce, we did communicate with other members relative to the advisability of establishing a BAC in the 8th Congressional District. This communication falls within the exemption of 2 U.S.C. 431(f)(4)(C) which, in part, states that an expenditure does not include "any communication by any membership organization or corporation to its members or stockholders" If indeed any partisan communication did take place, it was by one member of the U. S. Chamber of Commerce to another member at the suggestion of that membership organization.

In point of fact, no political activity took place at the meeting held June 7, 1979. The general statement gives a description of events leading to and including the meeting of June 7, 1979.

General Statement

On September 15, 1978 a meeting of the Western Region Public Affairs Task Force of the Chamber of Commerce of the United States was held in San Francisco, California. The Clorox Company is a member of the U. S. Chamber. As Government Affairs Manager for Clorox, I normally attend such meetings and attended this meeting.

The Clorox Company

General Offices 1221 Broadway Oakland, CA 94612 Tel (415) 271 7000
Mail Address PO Box 24305 Oakland, CA 94623

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William C. Oldaker, Esq.
Page Two
August 27, 1979

As Exhibit A attached indicates, a subcommittee was formed to "draw up policies and procedures for the operation of. . . BACs." To my knowledge, the meeting suggested by the memorandum attached as Exhibit A (page 2, item #2) never took place.

On November 14, 1978 I met with Mr. Jerry Vorpahl, Regional Manager-- Western Region, Chamber of Commerce of the U. S. and Mr. Gary L. O'Rielly, Western Regional Manager-Corporate Affairs, Western Region, International Paper Company, to discuss possible guidelines for U. S. Chamber BACs. On November 17, 1978 I received a note from Mr. Vorpahl enclosing "Business Advisory Council Guidelines." A copy of the note and the enclosure are attached as Exhibit B.

On January 12, 1979 another meeting of the U. S. Chamber's Western Regional Public Affairs Task Force was held. Mr. Bob Slaughter, Clorox's Government Affairs Coordinator, represented me at that meeting. Subsequently Mr. Slaughter told me that it had been agreed at the meeting that I should explore organizing a BAC in the 8th Congressional District. I agreed to do so.

On May 18, 1979 I sent letters to twenty U. S. Chamber members which, I believed, had facilities in the 8th Congressional District. The letter invited U. S. Chamber member representatives to a meeting to discuss the possible organization of an 8th Congressional District BAC.

The meeting was held on June 7, 1979. No organization was formed. It was agreed by those present to try to initiate a communications program with Congressman Dellums, 8th C. D. Representative. Mr. Lex Byers, Oakland Chamber of Commerce, a member of the U. S. Chamber, was to contact other 8th C. D. local chambers of commerce to help determine what public issues were of concern to 8th C. D. businesses and what the positions of 8th C. D. businesses on these issues were. Our intent was to invite Congressman Dellums to a joint meeting with members of these local chambers to discuss the issues.

To my knowledge, Mr. Byers did not contact the local chambers. No invitation was issued to Congressman Dellums. The group that met on June 7, 1979 held no further meetings.

No subsequent activity took place.

Answers to Questions for L. D. Witty (submitted by Mr. Oldaker, General Counsel, FEC)

NOTE: The answers given here are numbered sequentially as presented by the FEC. A copy of the questions is attached for reference as Exhibit C.

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- 0040193198
1. No.
 2. A Business Advisory Council for the 8th Congressional District was not formed. I am not aware of any BAC "activity" in the 8th C.D. other than explained in my General Statement.
 3. (a) As explained in the foregoing General Statement, no 8th C.D. BAC was formed.
(b) See 3(a). I have had no involvement in the formation of any other BAC.
 4. (a) My activity, and therefore, The Clorox Company's activity, related to the possible formation of an 8th C.D. BAC has been explained in the foregoing General Statement. The relationship, had a BAC been formed, would have been communication among U. S. Chamber members in the 8th C.D.
(b) None.
 5. (a) No. My communication with other U. S. Chamber members was at the behest of the U. S. Chamber. While cooperating with the U. S. Chamber was discussed with Mr. D. L. Goodman, Vice President, Public Affairs and Marketing Services, I did not need, nor did I seek, permission from any Clorox official to send the letters.
(b) The decision at the January 12, 1979 meeting of the U. S. Chamber's Western Regional Public Affairs Task Force to ask me to explore forming an 8th C.D. BAC is explained in the foregoing General Statement.
 6. (a) As stated above, the BAC was never established. Two employees of The Clorox Company assisted me in setting up the June 7, 1979 meeting.
(1) Mr. Bob Slaughter
Government Affairs Coordinator
The Clorox Company
1221 Broadway
Oakland, CA 94612
(415) 271-7725

Mr. Slaughter provided background information on the geography and demographics of the 8th C.D., as well as some background on Congressman Dellums' legislative interests. Backgrounding Congressional Districts in which Clorox has facilities is a normal business activity for Clorox's Government Affairs Department. His research was conducted intermittently during a period which I estimate to be mid-May to June 6, 1979.

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I would estimate that the total time spent on this research was three hours. Mr. Slaughter presented the 8th C.D. geographic and demographic information at the June 7, 1979 meeting. The presentation lasted approximately 15 minutes.

- (2) Ms. Carolyn S. Nixon
formerly Secretary to the Manager of Government Affairs
The Clorox Company

Ms. Nixon is presently relocating with her husband to Denver, Colorado. We do not have a current address or telephone number for her.

Ms. Nixon typed the letter of invitation (IBM mag card unit) to the June 7, 1979 meeting and accepted some of the RSVP telephone calls on the meeting. The letters were produced on May 18, 1979. Estimated production time is one hour. No records were retained on the telephone calls which she or I accepted. The calls were received during the period of approximately May 21 - June 6, 1979.

In addition, Mr. David L. Goodman, Vice President, Public Affairs and Marketing Services, The Clorox Company, welcomed attendees to the June 7, 1979 meeting. Mr. Goodman's informal welcoming remarks lasted approximately three minutes.

(b) None.

7. No BAC was formed. However, I did sign letters inviting people to a June 7, 1979 meeting to discuss the possible formation of a BAC. The outcome of that meeting is described in the foregoing General Statement. Employee time, stationery, postage and phone calls connected with the meeting are estimated in answers #6 and #8.

The June 7, 1979 meeting was held in a Clorox Company meeting room. It began at approximately 8:45 a.m. and concluded at approximately 10:00 a.m. Coffee was available during the meeting.

8. (a) Twenty. These were produced on an IBM mag card unit. A copy of the body of the identical letters and a list of the people invited is attached as Exhibit D.

(b) The Clorox Company.

(c)&(d) See answer to Question 6.

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(e) No records were kept of the telephone RSVP's. I estimate approximately 18 calls were received, most of these during Clorox's business hours which are 8:00 a.m. to 4:35 p.m. I believe a few calls were received by me after 4:35 p.m.

9. (a) No.

(b) Not applicable.

10. The June 7, 1979 meeting to discuss the formation of an 8th C.D. BAC is the only meeting that has been held. As the meeting was an informal discussion, no minutes were taken. The only record I have of the discussion held are some very rough notes. A copy of these notes are attached as Exhibit E. The following people attended the June 7, 1979 meeting:

The Clorox Company:	Mr. D. L. Goodman Ms. L. D. Witty Mr. B. Slaughter
Kaiser Aluminum & Chemical:	Mr. Tim Conlon, Public Affairs Representative
Castle & Cooke:	Ms. Karen Arato representing Mr. Carl Perdue, Director of Government Affairs
Nabisco:	Mr. Bob Corbett, Government Affairs Representative
Capwell's:	Mr. Jack Richardson, Chairman
Crocker National Bank:	Mr. John Warner, Vice President, Government Affairs
Oakland Chamber of Commerce:	Mr. Lex Byers, Executive Vice President

11. The cooperation with the U. S. Chamber of Commerce is explained in the foregoing General Statement.

12 & 13. The phrases in question were given to me by representatives of the U. S. Chamber of Commerce Western Regional Office. I do not know "in what way the Eleventh District BAC was instrumental in the selection of Bill Royer" nor do I know "what made the Eleventh District BAC extremely important to Congressman Royer's successful campaign."

1027

My Commission expires May 14, 1982.

EXHIBIT A

Chamber of Commerce of the United States of America

San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

Thanks also to Lyn Nofziger and Joe Cerrell for preparing a valuable panel on "How To Work Better With Non-Business Oriented Candidates." Clark MacGregor's keynote remarks on the outlook for the national races and NCAP (National Chamber Alliance for Politics) set the stage for the day's meeting.

GOALS: The National Chamber's major objectives in this election year and 1980 are these:

- 1.) Elect a business-oriented Congress (Retain 168 seats and add 52)
- 2.) Encourage business PACs to contribute 75% of their money to business-oriented candidates.
- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

BUSINESS ADVISORY COUNCILS: There was some confusion regarding the development of Business Advisory Councils (BACs) and Congressional District Monitors by the Task Force, as a result of thinking that this was a program that could be initiated yet this election year. However, the intention is to create either Monitors or BACs for the 1980 national elections (and beyond), and not for 1978.

- 1.) CD Monitors: The PATF hopes to have one key contact person in every district of 9 Western states who will keep a close watch on the political climate and alert us, through the chamber offices, of possible problems, and opportunities. When necessary, the CD Monitor will be instrumental in forming a BAC.

- 2.) Business Advisory Council: These will be formed in opportunity districts only and will work for the support and aid in the election of business-oriented candidates. A sub-committee has been comprised to draw up policies and procedures for the operation of these BACs. This sub-committee consists of: Gary O'Reilly, Dandy Witty, Fred Martin (through Shelia Radman), Jack Schultz, John Christensen and Esther Rushford Greene.

If you have any ideas for this program, please contact me.

NEXT MEETING:

Friday, January 12, 1979

9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

This meeting will be held in the new Western Regional offices of the chamber, just 5 minutes south of the airport. We plan to have a reception the evening before for Task Force members who will be coming in on the 11th.

Please put that date on your calendars now and plan to join us for a shirt-sleeves session that will provide an early start on gearing up for 1980.

RR:djb

Handy, NOV 11 1978

EXHIBIT

B

I'll call you on
This next week.

- Jerry -

I think you'll find this of interest.

Jerry Vorpahl
Regional Manager
415/348-4011



Western Region
Chamber of Commerce of the United States
Burlingame, California

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Business Advisory Council Guidelines

PURPOSE:

- 1.) To advise, influence and communicate with current congressmen regarding business-oriented issues and legislation of concern to the U. S. Chamber.
- 2.) To aid in the development and election of pro-business congressmen in a specified District.

MEMBERS:

Each Business Advisory Council will be comprised of 10-12 members, all members of the U.S. Chamber, who are interested in meeting at least quarterly. In most cases, the BAC chairman will be a member of the Western Region Public Affairs Task Force. Other members will consist of: Top CEOs and heads of major employers in the CD, representatives of major corporations with PACs and local chambers of commerce and Trade Association executives.

COMMUNICATIONS
FUNCTION:

- 1.) Provide information and advice to Congressman regarding important business issues, and to communicate the National Chamber's position.
- 2.) Assess the local impact of important legislation and communicate that to both the Congressman and the chamber.
- 3.) Identify emerging issues, assess the Congressman's position on these issues and attempt to influence early in the game.
- 4.) Establish and maintain open channels of communication and good working relationships with Congressman and his staff.

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POLITICAL
FUNCTION:

- 1.) Rate the incumbent
- 2.) Rate existing candidates
- 3.) Seek a candidate, if necessary
- 4.) Assess the political climate of the District
- 5.) Determine the BAC strategy
- 6.) Inventory Corporate Assests available to campaign
- 7.) Develop early money and long-term fund raising effort
- 8.) Implement strategy and work with campaign to election day

CONSIDERATION:

Each Business Advisory Council in each Congressional District may serve in both a communications and political function. There will not be two separate BACs, one working with an existing Congressman who's voting record is a shambles and the other working to defeat him. However, it is imperative that the dual purposes of the BAC be clearly expressed to the Congressman at the onset. (We'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace).

00000193205

Questions for L. D. Witty

1. Are you an officer of The Clorox Company?
2. When was the Business Advisory Council for California's Eighth Congressional District ("Eighth District BAC") created?
3. (a) How did you come to form the Eighth District BAC?
(b) Is this the only BAC formed by you or in which you have been actively involved? If not, identify the other BACs.
4. (a) Explain the relation, if any, which exists between the Eighth District BAC and The Clorox Company.
(b) If other BACs were identified in response to 3(b), please explain the relation, if any, which exists between them and The Clorox Company and between the BACs themselves.
5. (a) Did anyone in The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who? (Identify each such person by name, address, telephone number, relation to The Clorox Company, and why the person's authorization was sought.)
(b) Did anyone outside The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who?
6. (a) Identify all Clorox stockholders, officers, employees and agents who assisted you in establishing the Eighth District BAC or who have helped since it was established (identify each such person by name, address, telephone number, relation to the Clorox Company, nature of assistance rendered and the date and times when such assistance was provided).
(b) Provide the same information as is sought by 6(a) for all Clorox stockholders, officers, employees and agents who assisted with any other BAC (identify by name and position each person making such use and authorizing such use).
7. What use, if any, was made of Clorox Company facilities or services for BAC-related activities? (Identify by name and position each person making and authorizing such use and state what was used and when and why it was used.)

00040193207

8. (a) How many letters were mailed announcing the June 7, 1979 meeting? Provide the Commission with copies of each letter.
- (b) Who paid the postage for these letters?
- (c) Who typed the letters?
- (d) What is Carolyn Nixon's relation to The Clorox Company and to the Eighth District BAC?
- (e) How many telephone calls were received in response to the invitations to the June 7, 1979, meeting? How many of these were received during business hours?
9. (a) Was The Clorox Company reimbursed or compensated for the use of its facilities, services or employees?
- (b) For each instance of reimbursement or compensation, state when the payment was made, how much was paid and how the amount of payment was determined.
10. State the dates on which the Eighth District BAC met, who attended each meeting and provide the Commission with copies of the minutes of each meeting.
11. In what way were you cooperating with the Chamber of Commerce by establishing the Eighth District BAC?
12. In what way was the Eleventh District BAC "instrumental in the selection of Bill Royer..."?
13. What made the Eleventh District BAC "extremely important" to Congressman Royer's "successful campaign"?
14. Produce for the Commission's inspection the Eighth District BAC's governing documents and the governing documents of other BACs with which you are connected.

00040193203

May 18, 1979

Dear :

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Dellums. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witty
Manager of Government Affairs

00040193209

Mr. Leon M. Bryan
Manager, Advertising & Public Relations
Kaiser Cement Corp.
300 Lakeside Drive, #2457
Oakland, CA 94612

Mr. Lex J. Byers
Executive Vice President
Oakland Chamber of Commerce
1939 Harrison Street
Oakland, CA 94612

Mr. W. R. Corbett
Nabisco
P.O. Box 23832
Oakland, CA 94623

Ms. Connie Crawford
Director, State Government Relations
TRW, Inc. E2/11043
One Space Park
Redondo Beach, CA 90278

Mr. Gene Drossel
Vice President, Public Affairs
Kaiser Steel
P.O. Box 58
Oakland, CA 94604

Ms. Helen P. Goldsmith
Vice President
AMFAC, Inc.
P.O. Box 7813
San Francisco, CA 94120

Mr. Bruce H. Hasenkamp
Director, Government Relations
The Shaklee Corporation
1900 Powell Street, 12th Floor
Emeryville, CA 94608

Mr. Donald G. Livingston
Secretary
Carter Hawley Hale Stores, Inc.
550 South Flower
Los Angeles, CA 90071

Mr. Fred J. Martin, Jr.
Vice President
Bank of America, NT&SA
P.O. Box 37000
San Francisco, CA 94137

Mr. Carl H. Perdue
Director, Domestic Government
Affairs
Castle & Cooke, Inc.
50 California
San Francisco, CA 94111

Mr. Calvin P. Pond
Vice President, Public Affairs
Safeway Stores
4th & Jackson Streets
Oakland, CA 94660

Mr. Rodney W. Rood
Vice President & Assistant
to the Chairman
Atlantic Richfield Company
515 South Flower Street
Los Angeles, CA 90071

Mr. Michael P. Roudnev
Vice President
Del Monte
Corporation
P.O. Box 3575
San Francisco, CA 94119

Mr. Edmund Sajor
Representative -- Governmental
and Public Affairs
Pacific Gas & Electric Company
77 Beale Street
San Francisco, CA 94106

Mr. Jackson L. Schultz
Vice President
Wells Fargo Company
20 Montgomery Street
San Francisco, CA 94144

Mr. Richard L. Spees
Vice President
Western Regional Public Affairs
Kaiser Aluminum & Chemical Corporation
300 Lakewide Drive
Oakland, CA 94643

Mr. Ward Stevenson
Senior Vice President
Crocker National Bank
611 West 6th Street
Los Angeles, CA 90017

Mr. Christopher L. Stewart
 Director, Governmental Relations
 Fireman's Fund
 3333 California Street
 San Francisco, CA 94119

Mr. Larry Stewart
 Director, Corporate Communications
 Buttes Gas & Oil
 1221 Broadway, 19th Floor
 Oakland, CA 94612

Mr. Robert W. Taggart
 General Attorney
 Southern Pacific
 Transportation Company
 One Market Street
 San Francisco, CA 94105

EXHIBIT

E

J. N. notes
from BAC mtg.

6/7/79

- San Diego Chamber -

- Berkeley Chamber -

Fraser 7th Chamber Marine

Port San Diego -

Chambers of Commerce

Subject new

- letter $\frac{2}{3}$ subject

meeting in 2 weeks -

Chambers of

Commerce

Business Advisory

Council is

contact Org.

ask for input of issues
- list of issues -

- Ley Lines

Small Business Affairs
Committee

Attachment II

00010193214



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Vigo G. Nielsen, Jr.
DOBBS & NIELSEN
The ALCOA Building, Suite 2500
One Maritime Plaza
San Francisco, California 94111

Re: MUR 1007

Dear Mr. Nielsen:

We appreciate your client's cooperation in our investigation of this matter.

Enclosed are some additional questions for Ms. Witty. We hope that with her answers to these questions we will be able to complete our investigation of this matter as it relates to The Clorox Company as a respondent.

Sincerely,

Charles N. Steele
General Counsel

Enclosure

Questions for Ms. L. D. Witty

0010193215

QUESTIONS FOR L. D. WITTY

1. (a) Describe the purpose of the Western Region Public Affairs Task Force ("Western Task Force").
- (b) When did The Clorox Company become a member of the Western Task Force?
- (c) Describe the nature and scope of The Clorox Company's involvement with the Western Task Force.

2. Describe the interrelationship of the Chamber of Commerce of the United States, the Western Regional Office of the Chamber of Commerce of the United States ("Western Regional Office"), the Western Task Force, Business Advisory Councils ("BACs"), Congressional District Monitors ("C.D. Monitors") and the National Chamber Alliance for Politics. Identify which of these organizations are incorporated.

3. On October 24, 1978, Rodney Rood, Chairman of the Western Task Force, sent a memorandum to the members of the Western Task Force in which he wrote that BACs will only be formed in "opportunity districts." A copy of this memorandum is attached hereto as Exhibit I.

- (a) What is an opportunity district?
- (b) Is the Eighth Congressional District of California considered an opportunity district? If so, why? If not, why not?
- (c) Were you requested by someone connected with the Western Task Force to form a BAC in California's Eighth Congressional District? If so, who made the request and what reasons were given for it?
- (d) By letter dated August 27, 1979 (Exhibit II), you confirmed that a meeting was held on June 7, 1979, in a conference room in The Clorox Building. The meeting's purpose was to organize an Eighth District BAC (Exhibit III).
 - (i) Did the people attending that meeting decide not to form a BAC in California's Eighth Congressional District?
 - (ii) If such a decision was reached, what prompted it?

Questions
L. D. Witty

- (iii) You have advised the Commission that Mr. Bob Slaughter, Clorox Company's Government Affairs Coordinator, presented background information on the geography and demographics of the Eighth Congressional District. Did this information lead to, or result in, the conclusion that the district was not an "opportunity district?"

4. Mr. Rood wrote, in his October 24, 1978, Memorandum, that the Western Task Force hoped to have Congressional District Monitors in every Congressional District in nine Western states for the 1980 elections and beyond.

- (a) Has the Western Task Force taken any steps to implement this proposal?
- (b) If the answer to (a) is yes, describe the steps which have been taken.

5. Mr. Rood reported in his October 24, 1978, memorandum, that you were one of six people appointed to a subcommittee of the Western Task Force to draw up policies and procedures for the operation of BACs ("Guidelines Subcommittee"). On November 14, 1978, you met with a Regional Manager of the Western Region of the Chamber of Commerce of the United States, as well as with another member of the Guidelines Subcommittee, to discuss possible guidelines for U.S. Chamber BACs. (Exhibit II). Three days later, that Regional Manager sent you the Business Advisory Council Guidelines ("BAC Guidelines"). (Exhibit IV).

- (a) Describe your role, if any, in developing the BAC Guidelines.
- (b) Identify, by date and participants, each meeting or communication in which you participated or were represented which concerned guidelines for BACs. Provide the Commission with a summary of the substance of each meeting or communication. Where available, a copy of relevant writings, such as minutes or file memoranda, may be produced in lieu of summaries.

6. The BAC Guidelines identify two purposes of a BAC. One of these purposes is to "aid in the development and election of pro-business congressmen in a specified District."

- (a) How is this purpose to be implemented?
- (b) What is a "specified District?"

00017193217

Questions
L. D. Witty

7. The BAC Guidelines also identify eight activities under the heading "political function."

- (a) Please explain how each activity is to be accomplished and financed.
- (b) Would any of the political function activities involve communications to persons who are not members of the Chamber or to individuals representing corporate members of the Chamber who are not the representatives with whom the Chamber normally conducts its activities? If so, which activities would reach other persons and who would be the other persons.

8. One of the BAC Guidelines' political function activities is to inventory corporate assets "available to campaign."

- (a) What constitutes a corporate asset?
- (b) How are such assets to be used?

9. Another BAC Guidelines' political function activity is to seek a candidate "if necessary." Who makes this decision and what criteria are used?

10. Have the BAC Guidelines been modified from the version sent to you on November 17, 1978? If so, how? Where available, a copy of each modification, with the date of modification, may be submitted to the Commission in lieu of a written explanation of the modification.

11. You explained in your August 27, 1979, letter to Mr. Oldaker that "backgrounding" congressional districts in which The Clorox Company has facilities is a normal business activity for the Government Affairs Department. Are such studies

- (a) made available to one or more political committees which participate in any Federal election, including candidate committees or political action committees?
- (b) would such studies be "corporate assets" under the BAC Guidelines?

00040193218

Questions
L. D. Witty

12. In your form letter inviting certain individuals to attend the June 7, 1979, meeting, you asserted that the Eleventh District BAC was "instrumental in the selection of Bill Royer..." and that it was "extremely important" to Congressman Royer's "successful campaign." (Exhibit III). Your letter, dated August 27, 1979, informed Mr. Oldaker that those phrases were given to you by representatives of the U.S. Chamber of Commerce Western Regional Office. Please state who provided you with these phrases.

13. Identify all costs borne by The Clorox Company in connection with BACs, including costs related to developing BAC guidelines. In responding to this question, include employee time. The usual and normal charge (11 C.F.R. § 100.4(a)(1)(iii)(B)) should be used when calculating the cost for facilities, including office equipment.

Attachments

- I. October 24, 1978, Memorandum from Rodney Rood to members of the Western Task Force.
- II. August 27, 1979, Letter from L.D. Witty to William C. Oldaker
- III. Form invitation letter for June 7, 1979, meeting and a copy of the invitation which was sent to Mr. Larry Stewart
- IV. BAC Guidelines

0040193219

EXHIBIT I

Chamber of Commerce of the United States of America

San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

Thanks also to Lyn Nofziger and Joe Cerrell for preparing a valuable panel on "How To Work Better With Non-Business Oriented Candidates." Clark MacGregor's keynote remarks on the outlook for the national races and NCAP (National Chamber Alliance for Politics) set the stage for the day's meeting.

GOALS: The National Chamber's major objectives in this election year and 1980 are these:

- 1.) Elect a business-oriented Congress (Retain 168 seats and add 52)
- 2.) Encourage business PACs to contribute 75% of their money to business-oriented candidates.
- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

BUSINESS ADVISORY COUNCILS: There was some confusion regarding the development of Business Advisory Councils (BACs) and Congressional District Monitors by the Task Force, as a result of thinking that this was a program that could be initiated yet this election year. However, the intention is to create either Monitors or BACs for the 1980 national elections (and beyond), and not for 1978.

- 1.) CD Monitors: The PATF hopes to have one key contact person in every district of 9 Western states who will keep a close watch on the political climate and alert us, through the chamber offices, of possible problems, and opportunities. When necessary, the CD Monitor will be instrumental in forming a BAC.

- 2.) Business Advisory Council: These will be formed in opportunity districts only and will work for the support and aid in the election of business-oriented candidates. A sub-committee has been comprised to draw up policies and procedures for the operation of these BACs. This sub-committee consists of: Gary O'Reilly, Dandy Witty, Fred Martin (through Shelia Radman), Jack Schultz, John Christensen and Esther Rushford Greene.

If you have any ideas for this program, please contact me.

NEXT MEETING:

Friday, January 12, 1979

9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

This meeting will be held in the new Western Regional offices of the chamber, just 5 minutes south of the airport. We plan to have a reception the evening before for Task Force members who will be coming in on the 11th.

Please put that date on your calendars now and plan to join us for a shirt-sleeves session that will provide an early start on gearing up for 1980.

RR:djb



RECEIVED
FEDERAL ELECTION
COMMISSION

79 AUG 29 AM 10 46

August 27, 1979

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RE: MUR 1007

Dear Mr. Oldaker:

On August 13, 1979, I received your letter dated August 7, 1979, concerning a complaint which alleges that The Clorox Company may have violated the Federal Election Campaign Act of 1971, as amended. In response to your letter, this is to advise you that The Clorox Company did not intend to violate the Federal Election Campaign Act of 1971, and it is our position that The Clorox Company did not violate that Act. To substantiate this position, I have included a general statement of facts and answers to the questions enclosed with your letter.

The Clorox Company does acknowledge that as a member and at the suggestion of the U. S. Chamber of Commerce, we did communicate with other members relative to the advisability of establishing a BAC in the 8th Congressional District. This communication falls within the exemption of 2 U.S.C. 431(f)(4)(C) which, in part, states that an expenditure does not include "any communication by any membership organization or corporation to its members or stockholders" If indeed any partisan communication did take place, it was by one member of the U. S. Chamber of Commerce to another member at the suggestion of that membership organization.

In point of fact, no political activity took place at the meeting held June 7, 1979. The general statement gives a description of events leading to and including the meeting of June 7, 1979.

General Statement

On September 15, 1978 a meeting of the Western Region Public Affairs Task Force of the Chamber of Commerce of the United States was held in San Francisco, California. The Clorox Company is a member of the U. S. Chamber. As Government Affairs Manager for Clorox, I normally attend such meetings and attended this meeting.

The Clorox Company

General Offices: 1221 Broadway, Oakland, CA 94612 Tel: (415) 271-7000
Mail Address: P.O. Box 24305, Oakland, CA 94623

William C. Oldaker, Esq.
Page Two
August 27, 1979

As Exhibit A attached indicates, a subcommittee was formed to "draw up policies and procedures for the operation of. . . BACs." To my knowledge, the meeting suggested by the memorandum attached as Exhibit A (page 2, item #2) never took place.

On November 14, 1978 I met with Mr. Jerry Vorpahl, Regional Manager-- Western Region, Chamber of Commerce of the U. S. and Mr. Gary L. O'Rielly, Western Regional Manager--Corporate Affairs, Western Region, International Paper Company, to discuss possible guidelines for U. S. Chamber BACs. On November 17, 1978 I received a note from Mr. Vorpahl enclosing "Business Advisory Council Guidelines." A copy of the note and the enclosure are attached as Exhibit B.

On January 12, 1979 another meeting of the U. S. Chamber's Western Regional Public Affairs Task Force was held. Mr. Bob Slaughter, Clorox's Government Affairs Coordinator, represented me at that meeting. Subsequently Mr. Slaughter told me that it had been agreed at the meeting that I should explore organizing a BAC in the 8th Congressional District. I agreed to do so.

On May 18, 1979 I sent letters to twenty U. S. Chamber members which, I believed, had facilities in the 8th Congressional District. The letter invited U. S. Chamber member representatives to a meeting to discuss the possible organization of an 8th Congressional District BAC.

The meeting was held on June 7, 1979. No organization was formed. It was agreed by those present to try to initiate a communications program with Congressman Dellums, 8th C. D. Representative. Mr. Lex Byers, Oakland Chamber of Commerce, a member of the U. S. Chamber, was to contact other 8th C. D. local chambers of commerce to help determine what public issues were of concern to 8th C. D. businesses and what the positions of 8th C. D. businesses on these issues were. Our intent was to invite Congressman Dellums to a joint meeting with members of these local chambers to discuss the issues.

To my knowledge, Mr. Byers did not contact the local chambers. No invitation was issued to Congressman Dellums. The group that met on June 7, 1979 held no further meetings.

No subsequent activity took place.

Answers to Questions for L. D. Witty (submitted by Mr. Oldaker, General Counsel, FEC)

NOTE: The answers given here are numbered sequentially as presented by the FEC. A copy of the questions is attached for reference as Exhibit C.

William C. Oldaker, Esq.
Page Three
August 27, 1979

1. No.
2. A Business Advisory Council for the 8th Congressional District was not formed. I am not aware of any BAC "activity" in the 8th C.D. other than explained in my General Statement.
3. (a) As explained in the foregoing General Statement, no 8th C.D. BAC was formed.
- (b) See 3(a). I have had no involvement in the formation of any other BAC.
4. (a) My activity, and therefore, The Clorox Company's activity, related to the possible formation of an 8th C.D. BAC has been explained in the foregoing General Statement. The relationship, had a BAC been formed, would have been communication among U. S. Chamber members in the 8th C.D.
- (b) None.
5. (a) No. My communication with other U. S. Chamber members was at the behest of the U. S. Chamber. While cooperating with the U. S. Chamber was discussed with Mr. D. L. Goodman, Vice President, Public Affairs and Marketing Services, I did not need, nor did I seek, permission from any Clorox official to send the letters.
- (b) The decision at the January 12, 1979 meeting of the U. S. Chamber's Western Regional Public Affairs Task Force to ask me to explore forming an 8th C.D. BAC is explained in the foregoing General Statement.
6. (a) As stated above, the BAC was never established. Two employees of The Clorox Company assisted me in setting up the June 7, 1979 meeting.
- (1) Mr. Bob Slaughter
Government Affairs Coordinator
The Clorox Company
1221 Broadway
Oakland, CA 94612
(415) 271-7725

Mr. Slaughter provided background information on the geography and demographics of the 8th C.D., as well as some background on Congressman Dellums' legislative interests. Backgrounding Congressional Districts in which Clorox has facilities is a normal business activity for Clorox's Government Affairs Department. His research was conducted intermittently during a period which I estimate to be mid-May to June 6, 1979.

William C. Oldaker, Esq.
Page Four
August 27, 1979

I would estimate that the total time spent on this research was three hours. Mr. Slaughter presented the 8th C.D. geographic and demographic information at the June 7, 1979 meeting. The presentation lasted approximately 15 minutes.

- (2) Ms. Carolyn S. Nixon
formerly Secretary to the Manager of Government Affairs
The Clorox Company

Ms. Nixon is presently relocating with her husband to Denver, Colorado. We do not have a current address or telephone number for her.

Ms. Nixon typed the letter of invitation (IBM mag card unit) to the June 7, 1979 meeting and accepted some of the RSVP telephone calls on the meeting. The letters were produced on May 18, 1979. Estimated production time is one hour. No records were retained on the telephone calls which she or I accepted. The calls were received during the period of approximately May 21 - June 6, 1979.

In addition, Mr. David L. Goodman, Vice President, Public Affairs and Marketing Services, The Clorox Company, welcomed attendees to the June 7, 1979 meeting. Mr. Goodman's informal welcoming remarks lasted approximately three minutes.

(b) None.

7. No BAC was formed. However, I did sign letters inviting people to a June 7, 1979 meeting to discuss the possible formation of a BAC. The outcome of that meeting is described in the foregoing General Statement. Employee time, stationery, postage and phone calls connected with the meeting are estimated in answers #6 and #8.

The June 7, 1979 meeting was held in a Clorox Company meeting room. It began at approximately 8:45 a.m. and concluded at approximately 10:00 a.m. Coffee was available during the meeting.

8. (a) Twenty. These were produced on an IBM mag card unit. A copy of the body of the identical letters and a list of the people invited is attached as Exhibit D.

(b) The Clorox Company.

(c)&(d) See answer to Question 6.

William C. Oldaker, Esq.
Page Five
August 27, 1979

- (e) No records were kept of the telephone RSVP's. I estimate approximately 18 calls were received, most of these during Clorox's business hours which are 8:00 a.m. to 4:35 p.m. I believe a few calls were received by me after 4:35 p.m.

9. (a) No.

(b) Not applicable.

10. The June 7, 1979 meeting to discuss the formation of an 8th C.D. BAC is the only meeting that has been held. As the meeting was an informal discussion, no minutes were taken. The only record I have of the discussion held are some very rough notes. A copy of these notes are attached as Exhibit E. The following people attended the June 7, 1979 meeting:

The Clorox Company:	Mr. D. L. Goodman Ms. L. D. Witty Mr. B. Slaughter
Kaiser Aluminum & Chemical:	Mr. Tim Conlon, Public Affairs Representative
Castle & Cooke:	Ms. Karen Arato representing Mr. Carl Perdue, Director of Government Affairs
Nabisco:	Mr. Bob Corbett, Government Affairs Representative
Capwell's:	Mr. Jack Richardson, Chairman
Crocker National Bank:	Mr. John Warner, Vice President, Government Affairs
Oakland Chamber of Commerce:	Mr. Lex Byers, Executive Vice President

11. The cooperation with the U. S. Chamber of Commerce is explained in the foregoing General Statement.

- 12 & 13. The phrases in question were given to me by representatives of the U. S. Chamber of Commerce Western Regional Office. I do not know "in what way the Eleventh District BAC was instrumental in the selection of Bill Royer" nor do I know "what made the Eleventh District BAC extremely important to Congressman Royer's successful campaign."

0040193225

William C. Oldaker, Esq.
Page Six
August 27, 1979

14. No 8th C.D. BAC was formed, therefore there are no 8th C.D. governing documents nor were any drafted. I am not connected with any other BACs.

The Clorox Company is being represented in this matter by Mr. Vigo G. Nielsen, Jr., Dobbs & Nielsen, Attorneys and Counselors at Law, Suite 2500, The Alcoa Building, One Maritime Plaza, San Francisco, CA 94111. Mr. Nielsen will notify you in writing.

The Clorox Company prefers that this matter remain confidential in accordance with 2 U.S.C. 437(a)(3)(B).

Sincerely,

L. D. Witty

(Ms.) L. D. Witty
Manager of Government Affairs

LDW:rmf

Enclosures

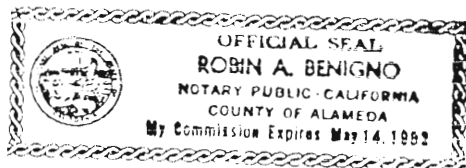
cc: ✓ Jay B. Myerson, Esq.

I certify that all the information in this letter and in the attachments incorporated by reference are true and correct to the best of my knowledge.

L. D. Witty
L. D. Witty
Aug. 27, 1979
Date

State of California)
County of Alameda) ss

On August 27, 1979, before the undersigned, a Notary Public for the State of California, personally appeared L. D. Witty, known to me to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same.



Robin A. Benigno
Notary Public

My Commission expires May 14, 1982.

009193227

May 18, 1979

Dear :

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Dellums. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 15th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7728. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witty
Manager of Government Affairs

0040193228



May 18, 1979

EXHIBIT III - 2

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Dear Mr. Stewart:

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

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I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 12th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Wiley
L. D. Wiley
Manager of Government Affairs

The Clorox Company

General Office 1221 Broadway, Oakland, CA 94612 Tel (415) 271-7000
Fax (415) 271-7000

Handy, NOV 11 1978

I'll call you on
This next week.

- Jerry -

I think you'll find this of interest.

Jerry Vorpahl
Regional Manager
415/348-4011



Western Region
Chamber of Commerce of the United States
Burlingame, California

EXHIBIT IV

Business Advisory Council Guidelines

PURPOSE:

- 1.) To advise, influence and communicate with current congressmen regarding business-oriented issues and legislation of concern to the U. S. Chamber.
- 2.) To aid in the development and election of pro-business congressmen in a specified District.

MEMBERS:

Each Business Advisory Council will be comprised of 10-12 members, all members of the U.S. Chamber, who are interested in meeting at least quarterly. In most cases, the BAC chairman will be a member of the Western Region Public Affairs Task Force. Other members will consist of: Top CEOs and heads of major employers in the CD, representatives of major corporations with PACs and local chambers of commerce and Trade Association executives.

COMMUNICATIONS FUNCTION:

- 1.) Provide information and advice to Congressman regarding important business issues, and to communicate the National Chamber's position.
- 2.) Assess the local impact of important legislation and communicate that to both the Congressman and the chamber.
- 3.) Identify emerging issues, assess the Congressman's position on these issues and attempt to influence early in the game.
- 4.) Establish and maintain open channels of communication and good working relationships with Congressman and his staff.

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POLITICAL
FUNCTION:

- 1.) Rate the incumbent
- 2.) Rate existing candidates
- 3.) Seek a candidate, if necessary
- 4.) Assess the political climate of the District
- 5.) Determine the BAC strategy
- 6.) Inventory Corporate Assests available to campaign
- 7.) Develop early money and long-term fund raising effort
- 8.) Implement strategy and work with campaign to election day

CONSIDERATION:

Each Business Advisory Council in each Congressional District may serve in both a communications and political function. There will not be two separate BACs, one working with an existing Congressman who's voting record is a shambles and the other working to defeat him. However, it is imperative that the dual purposes of the BAC be clearly expressed to the Congressman at the onset. (We'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace).

00010193232

● Attachment III ●

00040193233



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Rodney W. Rood
Vice President and Assistant
to the Chairman
Atlantic Richfield Company
515 South Flower Street
Los Angeles, California 90071

Re: MUR 1007

Dear Mr. Rood:

The Federal Election Commission has received a complaint which alleges that The Clorox Company, individually or in concert with others, committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

In the course of our investigation of this complaint, we received a copy of a memorandum you sent on October 24, 1978, to the members of the Western Region Public Affairs Task Force ("Western Task Force") in your capacity as chairman of that group. (A copy of that memorandum is attached as Exhibit II). You wrote that the Western Task Force hoped to have Congressional District Monitors ("CD Monitors") in every Congressional District in nine Western states for the 1980 elections and beyond. You also wrote that Business Advisory Councils were to be formed in "opportunity districts only and will work for the support and aid in the election of business-oriented candidates" and that "[w]hen necessary, the CD Monitor will be instrumental in forming a BAC."

In connection with these activities, the Commission requests that you answer the attached questions (Exhibit II). You may wish to be represented by counsel in answering these questions. If you intend to be represented by counsel, please have such counsel so notify us in writing.

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QUESTIONS FOR RODNEY ROOD

1. (a) When was the Western Region Public Affairs Task Force ("Western Task Force") created and by whom?
- (b) Describe the purpose of the Western Task Force, the activities in which it engages and how those activities are financed.
2. (a) When did you become chairman of the Western Task Force and are you still its chairman? If you are no longer the Chairman, who is?
- (b) What are/were your duties as Chairman of the Western Task Force?
- (c) What compensation, if any, have you received as chairman of the Western Task Force and, if you have received compensation, from whom have you received it.?
- (d) Did you engage in Western Task Force activities during regular working hours? If so, was your employer reimbursed for your time?
3. (a) What are BACs?
- (b) How and why did BACs come into existence?
- (c) How are BACs financed?
- (d) How did you learn of BACs?
- (e) Describe the nature and scope of your involvement in establishing and operating BACs.
- (f) State the name, address, employer and the position title of:
- (i) the individual with ultimate responsibility for the BAC program;
- (ii) the individual who has supervisory responsibility for the BAC program in the Chamber of Commerce's Western Region;
- (iii) the individuals with supervisory responsibility for the BAC program at the state level;

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- (iv) the individuals with supervisory responsibility for the BAC program at the local level;
- (v) any other individual with supervisory authority over the BAC program.

- 4. (a) What is an "opportunity district?"
- (b) Who decides whether a congressional district is an opportunity district and what criteria are applied?
- (c) Identify each district which has been identified as an opportunity district and the approximate date on which it was so identified.
- 5. (a) Identify each BAC, the date on which it was established, the congressional district in which it is or was operating, the date of its dissolution and the names and addresses of its organizer(s) and chief executive officer.
- (b) Did the Western Task Force ask Ms. L. D. Witty of The Clorox Company to establish a BAC in California's Eighth Congressional District?

6. In your October 24, 1978, Memorandum, you reported the creation of a subcommittee of the Western Task Force "to draw up policies and procedures for the operation" of BACs.

- (a) Describe the nature and scope of your involvement in developing Business Advisory Council Guidelines and summarize the contents of the Guidelines and each modification thereof. Where available, a copy of the Guidelines and of each modification may be produced in lieu of a summary.
- (b) Identify the individuals, by name, address, employer and title of position held, with whom you met or communicated for the purpose of developing, approving or implementing the BAC Guidelines.

7. In your October 24, 1978, Memorandum, you stated that BACs "will work for the support and aid in the election of business-oriented candidates."

- (a) Describe by BAC each activity which has been undertaken to support or aid a candidate for Federal office, how each was financed and state the amount expended. In each instance, identify the candidate on whose behalf

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the expenditure was made and state whether the activity was undertaken in cooperation with, or at the suggestion of, a candidate, his authorized committee(s) or their agents.

(b) Identify each political function activity which would reach:

(i) persons who are not members of the Chamber of Commerce;

(ii) individuals representing corporate members of the Chamber where these individuals are not the representatives with whom the Chamber normally conducts its activities.

8. Identify and summarize, or produce, each BAC-related circular, enclosure, flyer, handbook, instruction, manual, memoranda and report.

9. (a) Did any corporations provide corporate facilities or services including the use of officers or employees during regular business hours for BAC activities? (Identify by name and address each corporation which provided facilities, services, corporate officers or corporate employees and the name and position of the individual who authorized each such use. Additionally, state what was used, when it was used and the purpose for which it was used).

(b) In those corporations identified in response to (a), set forth each instance of reimbursement or payment, if any, by stating to whom and by whom payment was made and how the amount paid was calculated).

10. (a) What are CD Monitors?

(b) How and why did they come into existence?

(c) Describe the activities of CD Monitors.

(d) How are the activities of CD Monitors financed?

(e) In your October 24, 1978, memorandum, you stated that "[w]hen necessary, the CD Monitors will be instrumental in forming a BAC."

(i) Who decides when it is necessary for a CD Monitor to establish a BAC and what criteria are used?

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- 4 -

- (ii) Identify each CD Monitor, by name, address, job title and name of employer, who has helped form a BAC and state whether they engaged in these activities during regular working hours.

00047193239

Chamber of Commerce of the United States of America

San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

Thanks also to Lyn Nofziger and Joe Cerrell for preparing a valuable panel on "How To Work Better With Non-Business Oriented Candidates." Clark MacGregor's keynote remarks on the outlook for the national races and NCAP (National Chamber Alliance for Politics) set the stage for the day's meeting.

GOALS: The National Chamber's major objectives in this election year and 1980 are these:

- 1.) Elect a business-oriented Congress (Retain 168 seats and add 52)
- 2.) Encourage business PACs to contribute 75% of their money to business-oriented candidates.
- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

BUSINESS ADVISORY COUNCILS: There was some confusion regarding the development of Business Advisory Councils (BACs) and Congressional District Monitors by the Task Force, as a result of thinking that this was a program that could be initiated yet this election year. However, the intention is to create either Monitors or BACs for the 1980 national elections (and beyond), and not for 1978.

- 1.) CD Monitors: The PACTF hopes to have one key contact person in every district of 9 Western states who will keep a close watch on the political climate and alert us, through the chamber offices, of possible problems, and opportunities. When necessary, the CD Monitor will be instrumental in forming a BAC.

- 2.) Business Advisory Council: These will be formed in opportunity districts only and will work for the support and aid in the election of business-oriented candidates. A sub-committee has been comprised to draw up policies and procedures for the operation of these BACs. This sub-committee consists of: Gary O'Reilly, Dandy Witty, Fred Martin (through Shelia Radman), Jack Schultz, John Christensen and Esther Rushford Greene.

If you have any ideas for this program, please contact me.

NEXT MEETING:

Friday, January 12, 1979

9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

This meeting will be held in the new Western Regional offices of the chamber, just 5 minutes south of the airport. We plan to have a reception the evening before for Task Force members who will be coming in on the 11th.

Please put that date on your calendars now and plan to join us for a shirt-sleeves session that will provide an early start on gearing up for 1980.

BR:dyh

Attachment IV

00010103242



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Jerry Vorpahl
Regional Manager
Western Region, Chamber of Commerce
of the United States
500 Airport Boulevard, Suite 240
Burlingame, California 94010

Re: MUR

Dear Mr. Vorpahl:

The Federal Election Commission has received a complaint which alleges that The Clorox Company, individually or in concert with others, committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed.

We have numbered this matter, as it pertains to the Chamber of Commerce of the United States, MUR . Please refer to this number in all future correspondence.

In the course of its investigation of The Clorox Company, the Commission has found facts which give it reason to believe that the Chamber of Commerce of the United States may have violated 2 U.S.C. § 441b which makes it unlawful for corporations to make contributions or expenditures in connection with a Federal election. Specifically, it appears that the Chamber of Commerce of the United States' Western Region has sought to organize and promote Business Advisory Councils to aid and assist in the election and/or defeat of candidates for Federal office. Copies of several documents discovered during our investigation are enclosed.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Chamber of Commerce of the United States. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Statements should be submitted under oath.

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Mr. Jerry Vorpahl
Page 2

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact Jay B. Myerson, the attorney assigned to this matter, at (202) 523-4529.

This matter will remain confidential as it pertains to the Chamber of Commerce of the United States in accordance with 2 U.S.C. Section 437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

Charles N. Steele
General Counsel

Enclosures

Complaint

October 24, 1978, Memorandum from Rodney Rood to

Public Affairs Task Force Members

November 17, 1978 Note from Jerry Vorpahl to L.D. Witty, with

Business Advisory Council Guidelines
Questions

0001003244

ROBERT LINCOLN NOLAN
Attorney at Law
Tribune Tower, 14th Floor
409 - 13th Street
Oakland, California 94612
(415) 835-9400

RECEIVED
FEDERAL ELECTION
COMMISSION

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In re Complaint to the
FEDERAL ELECTION COMMISSION
CONCERNING ACTIVITIES OF THE
CLOROX CORPORATION AND OTHER
CORPORATIONS IN CALIFORNIA
CONGRESSIONAL ELECTIONS.

COMPLAINT AND AFFIDAVIT
OF ROBERT L. NOLAN, M.D., J.D.

903109

I, being first duly sworn, depose, say and declare
as follows:

1. My name is Robert L. Nolan, M.D., J.D. I am an
attorney and physician residing within and with offices within
the Eighth Congressional District of California.**

2. I am not presently a candidate.

3. I make this complaint on behalf of and at the
request of the Honorable Ronald V. Dellums, member of Congress,
representing the Eighth California Congressional District.

ALLEGATION

4. The Clorox Company, a corporation, either individu-
ally or in concert with others appears to have violated and to
be in violation of 2 U.S.C. 5441b by organizing and promoting a
group which has as one of its purposes selecting an individual
to the House of Representatives. Not only is Clorox sponsoring

**(Office Address: Tribune Tower, 14th Floor, 409-13th St.,
Oakland, California 94612; AC 415/ 835-9400)

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1 the group, but corporate personnel and facilities apparently are
2 being used to further the aims of the group. These activities
3 appear to me to constitute contributions and expenditures by
4 Clorox in connection with a Federal election and, thereby, violate
5 2 U.S.C. §441b, which prohibits the use of corporation treasury
6 funds in connection with a Federal election.

7 FACTS

8 5. Attached is a copy of a letter from L. D. Witty,
9 the Manager of Government Affairs of the Clorox Company in Oakland,
10 California (Exhibit "A"). This letter, on corporate stationery,
11 is addressed to the employee of another corporation and announces
12 the establishment of a Business Advisory Council. One of
13 the stated purposes of this organization is to "serve as a
14 focus for collective efforts to elect a more responsive Repre-
15 sentative". The letter notes that a similar organization was
16 instrumental in the selection and campaign of a successful House
17 candidate in the Eleventh District of California.

18 The organizational meeting, which was scheduled for
19 June 7, 1979, was to be held in the Clorox Building during
20 normal working hours. In addition, the telephone numbers given
21 to respond to the invitation are telephones listed under the
22 corporation. Finally, the letter appears to be signed by the
23 Manager of Government Affairs for the corporation.

24 On June 13, 1979, at approximately 2:20 P.M., I person-
25 ally telephoned the number 271-7228 (Area Code 415). The woman
26 who answered that number, which I obtained from Exhibit "A",
27 stated to me that the first meeting of the Business Advisory
28 Council had been held about a week before my telephone inquiry.

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LEGAL ANALYSIS

6. Corporations are prohibited from making any contribution or expenditure in connection with a Federal Election.

2 U.S.C. §441b. Contribution and expenditure are defined as any "direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value..." in connection with a Federal election. The statutory exemptions to this section do not seem to apply since this communication is clearly beyond the group to which the corporation is allowed to communicate in a partisan fashion.

The corporation appears to be providing services in this situation. The use of corporation letterhead, facilities, and staff are services of value in an organization of this type. The exception in the regulations allowing stockholders and employees to make occasional, isolated, or incidental use of corporate facilities, §114.9(a), is not applicable in this situation, since persons other than stockholders and employees have been invited to the meeting. The corporation must be reimbursed for the use of its facilities in the amount of the normal and usual rental charge for the use of the facilities. §114.9(d). Any use of employees during office hours, when they are compensated by the corporation also appears to be a clear violation.

The more serious apparent violation by the corporation, however, is the sponsorship of a group to defeat a sitting member of Congress and elect a "more responsive Representative." Such an activity appears to be active electioneering and by any standard a violation of 2 U.S.C. §441b. The use of the corporate

1 letterhead, corporate facilities, and corporate title all combine
2 to convey corporate backing and add legitimacy and authority to
3 the organization. The combined use of the corporate letterhead,
4 facilities, and corporate titles appears to be something of value
5 within the meaning of §441b.

6 RELIEF

7 7. It is requested that the Commission conduct a thorough
8 and complete investigation of this matter expeditiously pursuant
9 to §437g and that

10 a) The Commission thereafter take appropriate action under
11 2 U.S.C. §437g to enjoin the active involvement of the Clorox
12 Company and those that may be collaborating with it in the elec-
13 tion in California's 8th Congressional District and/or other
14 congressional districts, and

15 b) The Commission take whatever corrective action is
16 authorized by law for any violations of law that that may have
17 been involved in the special congressional election in the Eleventh
18 Congressional District of California held on or about April 3,
19 1979, and

20 c) The Commission take whatever action is necessary to
21 preclude further unlawful corporate involvement in the election
22 in California's Eighth Congressional District, and

23 d) The Commission take whatever action is deemed applicable
24 with regard to any violations of law that may be disclosed by in-
25 vestigation of the matters that are referred to in this complaint
26 including Exhibit "A", and

27 e) The Commission advise Congressman Ronald V. Dellums and
28 myself of the results of investigation and action taken.

1 I have read the foregoing complaint and affidavit consisting of
2 five pages, including this page, and believe it to be true and
3 correct and declare it to be based upon my knowledge, information
4 and belief.

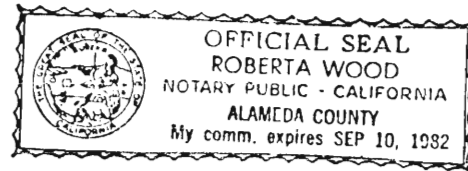
5 Dated: July 9, 1979

Robert L. Nolan M.D.
ROBERT L. NOLAN, M.D., J.D.

6
7 Subscribed and sworn to before me
8 this 9th day of July 1979 at
9 Oakland, California.

Roberta Wood
Notary Public

10 My Commission expires 9/10/82



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May 18, 1979

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Dear Mr. Stewart:

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Bellows. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witby
L. D. Witby

Manager of Government Affairs

The Clorox Company

General Offices 1221 Broadway, Oakland, CA 94612 Tel (415) 271-7000
P.O. Box 94615 Oakland, CA 94613

00010103250

Chamber of Commerce of the United States of America

San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

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- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

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If you have any ideas for this program, please contact me.

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9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

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RR:djb

Handy, NOV 1 / 1978

I'll call you on
This next week.

- Jerry -

I think you'll find this of interest.

Jerry Vorpahl
Regional Manager
415/348-4011



Western Region
Chamber of Commerce of the United States
Burlingame, California

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Business Advisory Council Guidelines

PURPOSE:

- 1.) To advise, influence and communicate with current congressmen regarding business-oriented issues and legislation of concern to the U. S. Chamber.
- 2.) To aid in the development and election of pro-business congressmen in a specified District.

MEMBERS:

Each Business Advisory Council will be comprised of 10-12 members, all members of the U.S. Chamber, who are interested in meeting at least quarterly. In most cases, the BAC chairman will be a member of the Western Region Public Affairs Task Force. Other members will consist of: Top CEOs and heads of major employers in the CD, representatives of major corporations with PACs and local chambers of commerce and Trade Association executives.

COMMUNICATIONS
FUNCTION:

- 1.) Provide information and advice to Congressman regarding important business issues, and to communicate the National Chamber's position.
- 2.) Assess the local impact of important legislation and communicate that to both the Congressman and the chamber.
- 3.) Identify emerging issues, assess the Congressman's position on these issues and attempt to influence early in the game.
- 4.) Establish and maintain open channels of communication and good working relationships with Congressman and his staff.

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POLITICAL
FUNCTION:

- 1.) Rate the incumbent
- 2.) Rate existing candidates
- 3.) Seek a candidate, if necessary
- 4.) Assess the political climate of the District
- 5.) Determine the BAC strategy
- 6.) Inventory Corporate Assests available to campaign
- 7.) Develop early money and long-term fund raising effort
- 8.) Implement strategy and work with campaign to election day

CONSIDERATION:

Each Business Advisory Council in each Congressional District may serve in both a communications and political function. There will not be two separate RACs, one working with an existing Congressman who's voting record is a shambles and the other working to defeat him. However, it is imperative that the dual purposes of the BAC be clearly expressed to the Congressman at the onset. (We'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace).

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QUESTIONS

Jerry Vorpahl

1. State your present and past positions with the United States Chamber of Commerce and its Western Regional Office, the dates you held each position and each position's duties and responsibilities.

2. (a) Identify and state the purposes of each of the following:

- (i) the Western Region Public Affairs Task Force ("Western Task Force");
- (ii) Business Advisory Councils ("BACs");
- (iii) Congressional District Monitors ("CD Monitors");
- (iv) the National Chamber Alliance for Politics.

(b) Explain the organizational relationship of the Chamber of Commerce of the United States, its Western Regional Office, the Western Task Force, C.D. Monitors, BACs and the National Chamber Alliance for Politics and identify which of these organizations are incorporated.

(c) State the name, title and address of:

- (i) the individual with ultimate responsibility for the BAC program;
- (ii) the individual who has supervisory responsibility for the BAC program in the Western Region;
- (iii) the individuals with supervisory responsibility for the BAC program at the state level;
- (iv) the individuals with supervisory responsibility for the BAC program at the local level;
- (v) any other individual with supervisory authority over the BAC program.

3. State how you learned of BACs and CD Monitors.

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4. On November 14, 1978, you met with Ms. L. D. Witty and Mr. Gary L. O'Reilly to discuss possible guidelines for Business Advisory Councils. On November 17, 1978, you transmitted Business Advisory Council Guidelines ("BAC Guidelines") to Ms. Witty (Attachment I).

- (a) Describe the nature and scope of your involvement in establishing and operating BACs.
- (b) Describe the nature and scope of your involvement in developing, approving and implementing the BAC Guidelines.
- (c) Identify the individuals by name, address, employer and title of position held, with whom you met or communicated for the purpose of developing, approving or implementing the BAC Guidelines.

5. The BAC Guidelines identify two BAC purposes, one of which is to "aid in the development and election of pro-business congressmen in a specified District."

- (a) How is this purpose to be implemented?
- (b) What is a "specified District?"

6. The BAC Guidelines also identify eight activities under the heading "political function."

- (a) Explain how each activity is to be accomplished and financed.
- (b) Identify each political function activity which would reach:
 - (i) persons who are not members of the Chamber of Commerce;
 - (ii) individuals representing corporate members of the Chamber where these individuals are not the representatives with whom the Chamber normally conducts its activities.

7. One of the political function activities identified in the BAC Guidelines consists of inventorying corporate assets "available to campaign."

- (a) What constitutes a corporate asset?

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8. The BAC Guidelines also include as a political function activity seeking a candidate "if necessary."

- (a) Identify those persons who decide when it is "necessary" to seek a candidate.
 - (b) Identify when it is "necessary" to seek a candidate and the criteria or standards used in the decision.
 - (c) Identify each district in which a candidate is being or has been sought or is or has been supported.
9. (a) Was the version of the BAC Guidelines you sent to Ms. Witty an approved version or a draft version?
- (b) If it was a draft, were Guidelines ever approved, and, if so, when and how did they vary from the draft sent to Ms. Witty?
- (c) If BAC Guidelines have been approved, who approved them?

10. Describe by BAC each activity which has been undertaken to elect or defeat a candidate for Federal office, how each was financed and state the amount expended. In each instance, identify the candidate on whose behalf the expenditure was made and state whether the activity was undertaken in cooperation with, or at the suggestion of, a candidate, his authorized committee(s) or their agents.

11. Identify and summarize, or produce, each BAC-related circular, enclosure, flyer, handbook, instruction, manual, memoranda and report.

12. (a) Did any corporations provide the use of corporate facilities or services, including the use of officers or employees during regular business hours, for BAC activities? (Identify by name and address each corporation which provided facilities, services, corporate officers or corporate employees and the name and position of the individual who authorized each such use. Additionally, state what was used, when it was used and the purpose for which it was used).
- (b) For those corporations identified in response to (a), set forth each instance of reimbursement or payment, if any, by stating to whom and by whom payment was made, for what it was made and how the amount paid was calculated.

ATTACHMENT V

<u>COMPANY</u>	<u>REPRESENTATIVE</u>	<u>TITLE</u>
Capwell's	Jack Richardson	Chairman
*Castle Cooke, Inc.	Karen Arato ^{1/}	
*The Clorox Company	D. L. Goodman	Vice Pres., Public Affairs & Marketing Services
	L. D. Witty	Manager, Government Affairs
	Bob Slaughter	Government Affairs Coordinator
*Crocker National Bank	John Warner	Vice Pres., Government Affairs
*Kaiser Aluminum & Chemical Corp.	Tim Conlon	Public Affairs Representative
*Nabisco, Inc.	Bob Corbett	Governmental Affairs Representative
Oakland Chamber of Commerce	Lex Byers	Executive Vice President

* Asterisked companies are incorporated.

^{1/} Ms. Arato represented Mr. Carl Perdue, Director of Government Affairs.



FEDERAL ELECTION COMMISSION

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

MEMORANDUM TO: CHARLES STEELE *g*
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *mc*
DATE: NOVEMBER 28, 1979
SUBJECT: MUR 1007 - Interim Investigative
Report dated 11-23-79: Received
in OCS 11-23-79, 12:51

The above-named document was circulated to the Commission on a 24-hour no-objection basis at 11:00, November 26, 1979.

There were no objections to the Interim Investigative Report at the time of the deadline.

00717193260

November 23, 1979

MEMORANDUM TO: Marjorie W. Emmons
FROM: Jane Colgrove
SUBJECT: MUR 1007

Please have the attached Interim Investigative
Report on MUR 1007 distributed to the Commission on a
24 hour tally basis.

Thank you.

30040193261

RECEIVED
OFFICE OF THE
MANAGING SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION
November 20, 1979

79 NOV 23 P12: 51

In the Matter of
The Clorox Company

)
)
)

MUR 1007

INTERIM INVESTIGATIVE REPORT

This Office has received the respondent's answers to the Commission's questions and is presently preparing a report to the Commission recommending further action. We anticipate the report will be transmitted by November 30, 1979.

23 November 1979
Date


Charles N. Steele
Acting General Counsel

0040193262



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS *ynwe*
DATE: SEPTEMBER 4, 1979
SUBJECT: MUR 1007 - Interim Investigative Report
dated 8-29-79; Received in
OCS 8-30-79, 3:52

The above-named document was circulated to
the Commission on a 24-hour no-objection basis
at 11:00, August 31, 1979.

There were no objections to the Interim Investigative
Report at the time of the deadline.

10099101263

August 30, 1979

MEMORANDUM TO: Marge Eumons
FROM: Jane Colgrove
SUBJECT: MUR 1007

Please have the attached Interim Investigative Report on MUR 1007 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

80040193264

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

August 29, 1979

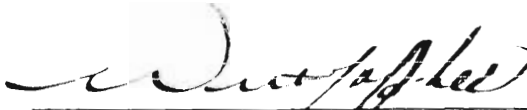
In the Matter of)
) MUR 1007
The Clorox Company,)
Respondent)

INTERIM INVESTIGATIVE REPORT

On August 6, 1979, the Commission found reason to believe that The Clorox Company had violated 2 U.S.C. § 441b and authorized this Office to transmit questions to the respondent. The questions were sent on August 7, 1979, and the response was received on August 28, 1979. We are presently reviewing the response and preparing a report to the Commission.

Date:

8/29/79



William C. Oldaker
General Counsel

00040193265

DOBBS & NIELSEN

Attorneys and Counselors at Law

SUITE 2500, THE ALCOA BUILDING

ONE MARITIME PLAZA

SAN FRANCISCO, CA 94111

TELEPHONE (415) 362-1940

BCC
203713 10989
918

August 27, 1979

Jay B. Myerson, Esq.
Staff Attorney
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1007

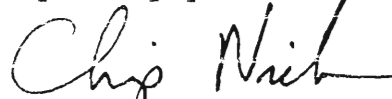
Dear Mr. Myerson:

As requested in the Commission's letter to the Clorox Company, please be advised that the undersigned has been asked to assist this corporation in its response to your inquiry, which you have designated MUR #1007.

You should have already received a response to your inquiry from Mrs. L.D. Witty. If you need any further information or clarification, please do not hesitate to contact me.

I must admit some surprise that the General Counsel staff believed that there was sufficient reason to find "reason to believe"; I look forward to hearing from you shortly to learn the legal basis for such conclusion.

Very truly yours,


Vigo G. Nielsen, Jr.

VGN:gmf

cc: L.D. Witty

7 DOBBS & NIELSEN

6 *Attorneys and Counselors at Law*

SUITE 2500, THE ALCOA BUILDING

ONE MARITIME PLAZA

SAN FRANCISCO, CA 94111

Jay B. Myerson, Esq.
Staff Attorney
Federal Election Commission
1325 K St., N.W.
Washington, D.C. 20463



RECEIVED
FEDERAL ELECTION
COMMISSION

903887
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10973

'79 AUG 20 AM 10:26

August 27, 1979

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RE: MUR 1007

Dear Mr. Oldaker:

On August 13, 1979, I received your letter dated August 7, 1979, concerning a complaint which alleges that The Clorox Company may have violated the Federal Election Campaign Act of 1971, as amended. In response to your letter, this is to advise you that The Clorox Company did not intend to violate the Federal Election Campaign Act of 1971, and it is our position that The Clorox Company did not violate that Act. To substantiate this position, I have included a general statement of facts and answers to the questions enclosed with your letter.

The Clorox Company does acknowledge that as a member and at the suggestion of the U. S. Chamber of Commerce, we did communicate with other members relative to the advisability of establishing a BAC in the 8th Congressional District. This communication falls within the exemption of 2 U.S.C. 431(f)(4)(C) which, in part, states that an expenditure does not include "any communication by any membership organization or corporation to its members or stockholders" If indeed any partisan communication did take place, it was by one member of the U. S. Chamber of Commerce to another member at the suggestion of that membership organization.

In point of fact, no political activity took place at the meeting held June 7, 1979. The general statement gives a description of events leading to and including the meeting of June 7, 1979.

General Statement

On September 15, 1978 a meeting of the Western Region Public Affairs Task Force of the Chamber of Commerce of the United States was held in San Francisco, California. The Clorox Company is a member of the U. S. Chamber. As Government Affairs Manager for Clorox, I normally attend such meetings and attended this meeting.

The Clorox Company

General Offices: 1521 Broadway Oakland CA 94612 Tel: (415) 271-7000
Mail Address: P.O. Box 24305 Oakland CA 94623

William C. Oldaker, Esq.
Page Two
August 27, 1979

As Exhibit A attached indicates, a subcommittee was formed to "draw up policies and procedures for the operation of. . .BACs." To my knowledge, the meeting suggested by the memorandum attached as Exhibit A (page 2, item #2) never took place.

On November 14, 1978 I met with Mr. Jerry Vorpahl, Regional Manager-- Western Region, Chamber of Commerce of the U. S. and Mr. Gary L. O'Rielly, Western Regional Manager-Corporate Affairs, Western Region, International Paper Company, to discuss possible guidelines for U. S. Chamber BACs. On November 17, 1978 I received a note from Mr. Vorpahl enclosing "Business Advisory Council Guidelines." A copy of the note and the enclosure are attached as Exhibit B.

On January 12, 1979 another meeting of the U. S. Chamber's Western Regional Public Affairs Task Force was held. Mr. Bob Slaughter, Clorox's Government Affairs Coordinator, represented me at that meeting. Subsequently Mr. Slaughter told me that it had been agreed at the meeting that I should explore organizing a BAC in the 8th Congressional District. I agreed to do so.

On May 18, 1979 I sent letters to twenty U. S. Chamber members which, I believed, had facilities in the 8th Congressional District. The letter invited U. S. Chamber member representatives to a meeting to discuss the possible organization of an 8th Congressional District BAC.

The meeting was held on June 7, 1979. No organization was formed. It was agreed by those present to try to initiate a communications program with Congressman Dellums, 8th C. D. Representative. Mr. Lex Byers, Oakland Chamber of Commerce, a member of the U. S. Chamber, was to contact other 8th C. D. local chambers of commerce to help determine what public issues were of concern to 8th C. D. businesses and what the positions of 8th C. D. businesses on these issues were. Our intent was to invite Congressman Dellums to a joint meeting with members of these local chambers to discuss the issues.

To my knowledge, Mr. Byers did not contact the local chambers. No invitation was issued to Congressman Dellums. The group that met on June 7, 1979 held no further meetings.

No subsequent activity took place.

Answers to Questions for L. D. Witty (submitted by Mr. Oldaker, General Counsel, FEC)

NOTE: The answers given here are numbered sequentially as presented by the FEC. A copy of the questions is attached for reference as Exhibit C.

William C. Oldaker, Esq.

Page Three

August 27, 1979

1. No.
2. A Business Advisory Council for the 8th Congressional District was not formed. I am not aware of any BAC "activity" in the 8th C.D. other than explained in my General Statement.
3. (a) As explained in the foregoing General Statement, no 8th C.D. BAC was formed.
(b) See 3(a). I have had no involvement in the formation of any other BAC.
4. (a) My activity, and therefore, The Clorox Company's activity, related to the possible formation of an 8th C.D. BAC has been explained in the foregoing General Statement. The relationship, had a BAC been formed, would have been communication among U. S. Chamber members in the 8th C.D.
(b) None.
5. (a) No. My communication with other U. S. Chamber members was at the behest of the U. S. Chamber. While cooperating with the U. S. Chamber was discussed with Mr. D. L. Goodman, Vice President, Public Affairs and Marketing Services, I did not need, nor did I seek, permission from any Clorox official to send the letters.
(b) The decision at the January 12, 1979 meeting of the U. S. Chamber's Western Regional Public Affairs Task Force to ask me to explore forming an 8th C.D. BAC is explained in the foregoing General Statement.
6. (a) As stated above, the BAC was never established. Two employees of The Clorox Company assisted me in setting up the June 7, 1979 meeting.
(i) Mr. Bob Slaughter
Government Affairs Coordinator
The Clorox Company
1221 Broadway
Oakland, CA 94612
(415) 271 7725

Mr. Slaughter provided background information on the geography and demographics of the 8th C.D., as well as some background on Congressman Dellums' legislative interests. Backgrounding Congressional Districts in which Clorox has facilities is a normal business activity for Clorox's Government Affairs Department. His research was conducted intermittently during a period which I estimate to be mid-May to June 6, 1979.

William C. Oldaker, Esq.
Page Four
August 27, 1979

I would estimate that the total time spent on this research was three hours. Mr. Slaughter presented the 8th C.D. geographic and demographic information at the June 7, 1979 meeting. The presentation lasted approximately 15 minutes.

- (2) Ms. Carolyn S. Nixon
formerly Secretary to the Manager of Government Affairs
The Clorox Company

Ms. Nixon is presently relocating with her husband to Denver, Colorado. We do not have a current address or telephone number for her.

Ms. Nixon typed the letter of invitation (IBM mag card unit) to the June 7, 1979 meeting and accepted some of the RSVP telephone calls on the meeting. The letters were produced on May 18, 1979. Estimated production time is one hour. No records were retained on the telephone calls which she or I accepted. The calls were received during the period of approximately May 21 - June 6, 1979.

In addition, Mr. David L. Goodman, Vice President, Public Affairs and Marketing Services, The Clorox Company, welcomed attendees to the June 7, 1979 meeting. Mr. Goodman's informal welcoming remarks lasted approximately three minutes.

(b) None.

7. No BAC was formed. However, I did sign letters inviting people to a June 7, 1979 meeting to discuss the possible formation of a BAC. The outcome of that meeting is described in the foregoing General Statement. Employee time, stationery, postage and phone calls connected with the meeting are estimated in answers #6 and #8.

The June 7, 1979 meeting was held in a Clorox Company meeting room. It began at approximately 8:45 a.m. and concluded at approximately 10:00 a.m. Coffee was available during the meeting.

8. (a) Twenty. These were produced on an IBM mag card unit. A copy of the body of the identical letters and a list of the people invited is attached as Exhibit D.

(b) The Clorox Company.

(c)&(d) See answer to Question 6.

William C. Oldaker, Esq.
Page Five
August 27, 1979

- (e) No records were kept of the telephone RSVP's. I estimate approximately 18 calls were received, most of these during Clorox's business hours which are 8:00 a.m. to 4:35 p.m. I believe a few calls were received by me after 4:35 p.m.

9. (a) No.

(b) Not applicable.

10. The June 7, 1979 meeting to discuss the formation of an 8th C.D. BAC is the only meeting that has been held. As the meeting was an informal discussion, no minutes were taken. The only record I have of the discussion held are some very rough notes. A copy of these notes are attached as Exhibit E. The following people attended the June 7, 1979 meeting:

The Clorox Company:

Mr. D. L. Goodman
Ms. L. D. Witty
Mr. B. Slaughter

Kaiser Aluminum & Chemical:

Mr. Tim Conlon,
Public Affairs Representative

Castle & Cooke:

Ms. Karen Arato representing
Mr. Carl Perdue, Director of
Government Affairs

Nabisco:

Mr. Bob Corbett,
Government Affairs Representative

Capwell's:

Mr. Jack Richardson, Chairman

Crocker National Bank:

Mr. John Warner,
Vice President, Government Affairs

Oakland Chamber of Commerce:

Mr. Lex Byers,
Executive Vice President

11. The cooperation with the U. S. Chamber of Commerce is explained in the foregoing General Statement.

- 12 : 13. The phrases in question were given to me by representatives of the U. S. Chamber of Commerce Western Regional Office. I do not know "in what way the Eleventh District BAC was instrumental in the selection of Bill Royer" nor do I know "what made the Eleventh District BAC extremely important to Congressman Royer's successful campaign."

001719273

My Commission expires May 14, 1982.

EXHIBIT A

Chamber of Commerce of the United States of America
San Jose, California 95113

October 24, 1978

OCT 25 1978

TO: Public Affairs Task Force Members

FROM: Rodney Rood, Chairman

RE: Update (Revised)

We had an excellent meeting of the Public Affairs Task Force in San Francisco last month, and I want to thank so many Task Force members for their participation. I also want to thank Congressmen John Rousselot and John Burton for presenting their sides to the question "Should Business Support Democrats?" If we were voting with no preconceptions, I'd have to say the contest was a draw.

Thanks also to Lyn Nofziger and Joe Cerrell for preparing a valuable panel on "How To Work Better With Non-Business Oriented Candidates." Clark MacGregor's keynote remarks on the outlook for the national races and NCAP (National Chamber Alliance for Politics) set the stage for the day's meeting.

GOALS: The National Chamber's major objectives in this election year and 1980 are these:

- 1.) Elect a business-oriented Congress (Retain 168 seats and add 52)
- 2.) Encourage business PACs to contribute 75% of their money to business-oriented candidates.
- 3.) Develop more business PACs.
- 4.) Involve more business people in selecting delegates to the 1980 National Convention.
- 5.) Develop business sensitivity to congressional redistricting in key states.

BUSINESS ADVISORY COUNCILS: There was some confusion regarding the development of Business Advisory Councils (BACs) and Congressional District Monitors by the Task Force, as a result of thinking that this was a program that could be initiated yet this election year. However, the intention is to create either Monitors or BACs for the 1980 national elections (and beyond), and not for 1978.

- 1.) CD Monitors: The PATF hopes to have one key contact person in every district of 9 Western states who will keep a close watch on the political climate and alert us, through the chamber offices, of possible problems, and opportunities. When necessary, the CD Monitor will be instrumental in forming a BAC.

- 2.) Business Advisory Council: These will be formed in opportunity districts only and will work for the support and aid in the election of business-oriented candidates. A sub-committee has been comprised to draw up policies and procedures for the operation of these BACs. This sub-committee consists of: Gary O'Reilly, Dandy Witty, Fred Martin (through Shelia Radman), Jack Schultz, John Christensen and Esther Rushford Greene.

If you have any ideas for this program, please contact me.

NEXT MEETING:

Friday, January 12, 1979

9:30 a.m. - 2:00 p.m.

U. S. Chamber of Commerce

500 Airport Boulevard, Burlingame, CA

This meeting will be held in the new Western Regional offices of the chamber, just 5 minutes south of the airport. We plan to have a reception the evening before for Task Force members who will be coming in on the 11th.

Please put that date on your calendars now and plan to join us for a shirt-sleeves session that will provide an early start on gearing up for 1980.

RR:djb

Nov 17 1978

EXHIBIT B

I'll call you on
This next week.

- Jerry -

I think you'll find this of interest.

Jerry Vorpahl
Regional Manager
415/349-4011



Western Region
Chamber of Commerce of the United States
Burlingame, California

93276

1070

Business Advisory Council Guidelines

00040193277

PURPOSE:

- 1.) To advise, influence and communicate with current congressmen regarding business-oriented issues and legislation of concern to the U. S. Chamber.
- 2.) To aid in the development and election of pro-business congressmen in a specified District.

MEMBERS:

Each Business Advisory Council will be comprised of 10-12 members, all members of the U.S. Chamber, who are interested in meeting at least quarterly. In most cases, the BAC chairman will be a member of the Western Region Public Affairs Task Force. Other members will consist of: Top CEOs and heads of major employers in the CD, representatives of major corporations with PACs and local chambers of commerce and Trade Association executives.

COMMUNICATIONS FUNCTION:

- 1.) Provide information and advice to Congressman regarding important business issues, and to communicate the National Chamber's position.
- 2.) Assess the local impact of important legislation and communicate that to both the Congressman and the chamber.
- 3.) Identify emerging issues, assess the Congressman's position on these issues and attempt to influence early in the game.
- 4.) Establish and maintain open channels of communication and good working relationships with Congressman and his staff.

POLITICAL
FUNCTION:

- 1.) Rate the incumbent
- 2.) Rate existing candidates
- 3.) Seek a candidate, if necessary
- 4.) Assess the political climate of the District
- 5.) Determine the BAC strategy
- 6.) Inventory Corporate Assests available to campaign
- 7.) Develop early money and long-term fund raising effort
- 8.) Implement strategy and work with campaign to election day

CONSIDERATION:

Each Business Advisory Council in each Congressional District may serve in both a communications and political function. There will not be two separate BACs, one working with an existing Congressman who's voting record is a shambles and the other working to defeat him. However, it is imperative that the dual purposes of the BAC be clearly expressed to the Congressman at the onset. (We'll attempt to work with and influence, but if unsuccessful, we'll attempt to replace).

00010193278

Questions for L. D. Witty

1. Are you an officer of The Clorox Company?
2. When was the Business Advisory Council for California's Eighth Congressional District ("Eighth District BAC") created?
3. (a) How did you come to form the Eighth District BAC?
(b) Is this the only BAC formed by you or in which you have been actively involved? If not, identify the other BACs.
4. (a) Explain the relation, if any, which exists between the Eighth District BAC and The Clorox Company.
(b) If other BACs were identified in response to 3(b), please explain the relation, if any, which exists between them and The Clorox Company and between the BACs themselves.
5. (a) Did anyone in The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who? (Identify each such person by name, address, telephone number, relation to The Clorox Company, and why the person's authorization was sought.)
(b) Did anyone outside The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who?
6. (a) Identify all Clorox stockholders, officers, employees and agents who assisted you in establishing the Eighth District BAC or who have helped since it was established (identify each such person by name, address, telephone number, relation to the Clorox Company, nature of assistance rendered and the date and times when such assistance was provided).
(b) Provide the same information as is sought by 6(a) for all Clorox stockholders, officers, employees and agents who assisted with any other BAC (identify by name and position each person making such use and authorizing such use).
7. What use, if any, was made of Clorox Company facilities or services for BAC-related activities? (Identify by name and position each person making and authorizing such use and state what was used and when and why it was used.)

00040193279

8. (a) How many letters were mailed announcing the June 7, 1979 meeting? Provide the Commission with copies of each letter.
- (b) Who paid the postage for these letters?
- (c) Who typed the letters?
- (d) What is Carolyn Nixon's relation to The Clorox Company and to the Eighth District BAC?
- (e) How many telephone calls were received in response to the invitations to the June 7, 1979, meeting? How many of these were received during business hours?
9. (a) Was The Clorox Company reimbursed or compensated for the use of its facilities, services or employees?
- (b) For each instance of reimbursement or compensation, state when the payment was made, how much was paid and how the amount of payment was determined.
10. State the dates on which the Eighth District BAC met, who attended each meeting and provide the Commission with copies of the minutes of each meeting.
11. In what way were you cooperating with the Chamber of Commerce by establishing the Eighth District BAC?
12. In what way was the Eleventh District BAC "instrumental in the selection of Bill Royer..."?
13. What made the Eleventh District BAC "extremely important" to Congressman Royer's "successful campaign"?
14. Produce for the Commission's inspection the Eighth District BAC's governing documents and the governing documents of other BACs with which you are connected.

May 18, 1979

Dear :

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Dellums. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witty
Manager of Government Affairs

Mr. Leon M. Bryan
Manager, Advertising & Public Relations
Kaiser Cement Corp.
300 Lakeside Drive, #2457
Oakland, CA 94612

Mr. Lex J. Byers
Executive Vice President
Oakland Chamber of Commerce
1939 Harrison Street
Oakland, CA 94612

Mr. W. R. Corbett
Nabisco
P.O. Box 23832
Oakland, CA 94623

Ms. Connie Crawford
Director, State Government Relations
TRW, Inc. E2/11043
One Space Park
Redondo Beach, CA 90278

Mr. Gene Drossel
Vice President, Public Affairs
Kaiser Steel
P.O. Box 58
Oakland, CA 94604

Ms. Helen P. Goldsmith
Vice President
AMFAC, Inc.
P.O. Box 7813
San Francisco, CA 94120

Mr. Bruce H. Hasenkamp
Director, Government Relations
The Shaklee Corporation
1900 Powell Street, 12th Floor
Emeryville, CA 94608

Mr. Donald G. Livingston
Secretary
Carter Hawley Hale Stores, Inc.
550 South Flower
Los Angeles, CA 90071

Mr. Fred J. Martin, Jr.
Vice President
Bank of America, NT&SA
P.O. Box 37000
San Francisco, CA 94137

Mr. Carl H. Perdue
Director, Domestic Government
Affairs
Castle & Cooke, Inc.
50 California
San Francisco, CA 94111

Mr. Calvin P. Pond
Vice President, Public Affairs
Safeway Stores
4th & Jackson Streets
Oakland, CA 94660

Mr. Rodney W. Rood
Vice President & Assistant
to the Chairman
Atlantic Richfield Company
515 South Flower Street
Los Angeles, CA 90071

Mr. Michael P. Roudnev
Vice President
Del Monte
Corporation
P.O. Box 3575
San Francisco, CA 94119

Mr. Edmund Sajor
Representative -- Governmental
and Public Affairs
Pacific Gas & Electric Company
77 Beale Street
San Francisco, CA 94106

Mr. Jackson L. Schultz
Vice President
Wells Fargo Company
20 Montgomery Street
San Francisco, CA 94144

Mr. Richard L. Spees
Vice President
Western Regional Public Affairs
Kaiser Aluminum & Chemical Corporation
300 Lakewide Drive
Oakland, CA 94643

Mr. Ward Stevenson
Senior Vice President
Crocker National Bank
611 West 6th Street
Los Angeles, CA 90017

8 0 0 4 7 9 -4- 2 8 3

Mr. Christopher L. Stewart
Director, Governmental Relations
Fireman's Fund
3333 California Street
San Francisco, CA 94119

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Mr. Robert W. Taggart
General Attorney
Southern Pacific
Transportation Company
One Market Street
San Francisco, CA 94105

E

6/7/79

- Berkeley Chamber -

Frans J. Scholten, Groningen

Good-bye —

Chambers of Commerce

August, new letter 7/31 August

meeting in 2 weeks

Chairman of
Committee

Business Directory

Contd. 10/22

ask for input of ideas
- list of ideas -

Let's go

Small Business Office
Committee

The Clorox Company P.O. Box 24305, Oakland, California 94623



THE CLOROX COMPANY
P. O. Box 24305
Oakland, California 94623

TO

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RETURN POSTAGE GUARANTEED

FIRST CLASS M

79 AUG 28 AM 10:26

RECEIVED
FEDERAL ELECTION
COMMISSION

35770

ER-PAN

Overnight Envelope

DCA

19 AUG 29 AM 10:21

COLLECTION

FEDERAL
EXPRESSPLEASE COMPLETE ALL INFORMATION IN THE 5 BLOCKS OUTLINED IN ORANGE
SEE REVERSE SIDE FOR COMPLETE PREPARATION INSTRUCTIONSYOUR F.E.C.
ACCOUNT NUMBER 941-0020-8

DATE 7 79

AIRBILL NO 59177623

FROM Your Name

TO Consignee's Name

If Hold For Pick Up, Phone No.

COMPANY

DEPARTMENT/FLOOR NO

COMPANY

DEPARTMENT/FLOOR NO

THE CLOROX COMPANY

STREET ADDRESS

STREET ADDRESS

1221 BROADWAY

CITY

CITY

OAKLAND

STATE

ZIP

CA 94612

STATE

ZIP

DC 20046

PURCHASE ORDER NO OR
YOUR REFERENCE NOPURCHASE ORDER NO OR
CONSIGNEE REFERENCE NO

F.E.C. USE

FREIGHT CHARGES

PAYMENT ☒ Bill Shipper☐ Bill Consignee F.E.C. Acct No

Pieces Weight

O/S

EMP NO

AGT/PRO

VALUATION CHARGE

ADVANCE ORIGIN

BILL TO CO

SHIP TO:

ATTN:

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

RETURN POSTAGE GUARANTEED

THE CLOROX COMPANY
1221 Broadway
Oakland, California 94612

RETURN POSTAGE GUARANTEED

SHIP TO:

Jay B. Myerson, Esq.
Office of the General Counsel
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

THE CLOROX COMPANY
1221 Broadway
Oakland, California 94612



FEDERAL ELECTION COMMISSION

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

August 7, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Clorox Company
L. D. Witty, Manager of
Government Affairs
1221 Broadway
Oakland, California 94623

Re: MUR 1007

Dear Mr. Witty:

The Federal Election Commission has received a complaint which alleges that The Clorox Company, individually or in concert with others, appears to have committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed.

We have numbered this matter MUR 1007. Please refer to this number in all future correspondence.

The Commission has reason to believe that the matters alleged in the complaint may state a violation of 2 U.S.C. § 441b which makes it unlawful for a corporation to make a contribution or expenditure in connection with a federal election. Specifically, it appears that Clorox Company letterhead, telephones, conference room and employee time have been used to establish an organization (a Business Advisory Council in the Eighth Congressional District of California) which has as one of its purposes the defeat of a member of congress and the selection and election of a more "responsive Representative."

Under the Act, you have an opportunity to demonstrate that no action should be taken. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Statements should be submitted under oath.

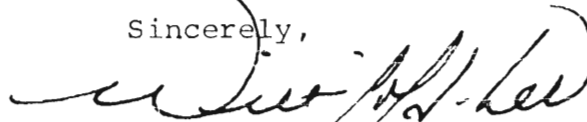
The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification. If no response is received, the Commission may take further action based on the information at hand.

If you have any questions, please contact Jay B. Myerson, the attorney assigned to this matter, at (202) 523-4529.

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If The Clorox Company intends to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,



William C. Oldaker
General Counsel

Enclosures

Complaint
Questions

PS Form 3811, Apr. 1977

1. The following service is requested (check one): a. Show to whom and date delivered b. Show to whom, date, and address of delivery c. RESTRICTED DELIVERY d. Show to whom and date delivered e. RESTRICTED DELIVERY f. Show to whom, date, and address of delivery (CONSULT POSTMASTER FOR FEES)		2. ARTICLE ADDRESSED TO 74: C/1 +	
3. ARTICLE DESCRIPTION REGISTERED NO. 742477		INSURED NO.	
(Always obtain signature of addressee or agent)			
SIGNATURE James K. Myerson		Address Authorized agent	
DATE OF DELIVERY 8/13/79		POSTMARK 14	
5. ADDRESS (complete only if requested)		6. UNABLE TO DELIVER BECAUSE	
		CLERK'S INITIALS	

2-10Pb 1977 0 294-206

Questions for L. D. Witty

1. Are you an officer of The Clorox Company?
2. When was the Business Advisory Council for California's Eighth Congressional District ("Eighth District BAC") created?
3. (a) How did you come to form the Eighth District BAC?
(b) Is this the only BAC formed by you or in which you have been actively involved? If not, identify the other BACs.
4. (a) Explain the relation, if any, which exists between the Eighth District BAC and The Clorox Company.
(b) If other BACs were identified in response to 3(b), please explain the relation, if any, which exists between them and The Clorox Company and between the BACs themselves.
5. (a) Did anyone in The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who? (Identify each such person by name, address, telephone number, relation to The Clorox Company, and why the person's authorization was sought.)
(b) Did anyone outside The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who?
6. (a) Identify all Clorox stockholders, officers, employees and agents who assisted you in establishing the Eighth District BAC or who have helped since it was established (identify each such person by name, address, telephone number, relation to the Clorox Company, nature of assistance rendered and the date and times when such assistance was provided).
(b) Provide the same information as is sought by 6(a) for all Clorox stockholders, officers, employees and agents who assisted with any other BAC (identify by name and position each person making such use and authorizing such use).
7. What use, if any, was made of Clorox Company facilities or services for BAC-related activities? (Identify by name and position each person making and authorizing such use and state what was used and when and why it was used.)

0040193291

8. (a) How many letters were mailed announcing the June 7, 1979 meeting? Provide the Commission with copies of each letter.
- (b) Who paid the postage for these letters?
- (c) Who typed the letters?
- (d) What is Carolyn Nixon's relation to The Clorox Company and to the Eighth District BAC?
- (e) How many telephone calls were received in response to the invitations to the June 7, 1979, meeting? How many of these were received during business hours?
9. (a) Was The Clorox Company reimbursed or compensated for the use of its facilities, services or employees?
- (b) For each instance of reimbursement or compensation, state when the payment was made, how much was paid and how the amount of payment was determined.
10. State the dates on which the Eighth District BAC met, who attended each meeting and provide the Commission with copies of the minutes of each meeting.
11. In what way were you cooperating with the Chamber of Commerce by establishing the Eighth District BAC?
12. In what way was the Eleventh District BAC "instrumental in the selection of Bill Royer..."?
13. What made the Eleventh District BAC "extremely important" to Congressman Royer's "successful campaign"?
14. Produce for the Commission's inspection the Eighth District BAC's governing documents and the governing documents of other BACs with which you are connected.



FEDERAL ELECTION COMMISSION

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

Jay P. Myerson
8/7/79

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RETURN RECEIPT REQUESTED

The Clorox Company
L. D. Witty, Manager of
Government Affairs
1221 Broadway
Oakland, California 94623

Re: MUR 1007

Dear Mr. Witty:

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We have numbered this matter MUR 1007. Please refer to this number in all future correspondence.

The Commission has reason to believe that the matters alleged in the complaint may state a violation of 2 U.S.C. § 441b which makes it unlawful for a corporation to make a contribution or expenditure in connection with a federal election. Specifically, it appears that Clorox Company letterhead, telephones, conference room and employee time have been used to establish an organization (a Business Advisory Council in the Eighth Congressional District of California) which has as one of its purposes the defeat of a member of congress and the selection and election of a more "responsive Representative."

Under the Act, you have an opportunity to demonstrate that no action should be taken. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Statements should be submitted under oath.

- 2 -

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification. If no response is received, the Commission may take further action based on the information at hand.

If you have any questions, please contact Jay B. Myerson, the attorney assigned to this matter, at (202) 523-4529.

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If The Clorox Company intends to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

Complaint
Questions



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS *MJE lyp*

DATE: AUGUST 10, 1979

SUBJECT: COMMENTS REGARDING MUR 1007 - First General
Counsel's Report dated 8-2-79

Attached is a copy of Commissioner Reiche's vote
sheet with comments regarding MUR 1007.

ATTACHMENT:
Copy of Vote Sheet

48 HOUR TALLY SET

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY



FEDERAL ELECTION COMMISSION 9 AUG 10 A 9: 40

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

Date and Time Transmitted: 8-2-79

4:00

Commissioner FRIEDERSDORF, AIKENS, TIERNAN, MCGARRY, REICHE, HARRIS

RETURN TO OFFICE OF COMMISSION SECRETARY BY: 8-6-79

4:00

MUR No. 1007 First General Counsel's Report dated August 2, 1979

- (☒) I approve the recommendation
(☐) I object to the recommendation

COMMENTS: I question the propriety of questions
#12 and #13 since they do not pertain
to this matter.

Date: 8/10/79 Signature: Frank P. Reiche

THE OFFICE OF GENERAL COUNSEL WILL TAKE NO ACTION IN THIS MATTER UNTIL THE APPROVAL OF FOUR COMMISSIONERS IS RECEIVED. PLEASE RETURN ALL PAPERS NO LATER THAN THE DATE AND TIME SHOWN ABOVE TO THE OFFICE OF COMMISSION SECRETARY. ONE OBJECTION PLACES THE ITEM ON THE EXECUTIVE SESSION AGENDA.



BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
)
The Clorox Company)
L.D. Whitty, Manager of) MUR 1007
Government Affairs of)
The Clorox Company)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify, that on August 6, 1979, the Commission approved the recommendations of the First General Counsel's Report dated August 2, 1979, as follows:

1. Find reason to believe that The Clorox Company violated 2 U.S.C. §441b.
2. Authorize the transmittal of the attached letter and questions contained in the above-named First General Counsel's Report.

The vote in this matter was 4-0, with Commissioners Friedersdorf, Harris, McGarry, and Tiernan voting affirmatively.

Attest:

8-6-79

Date

Margaret E. Chaney

for Marjorie W. Emmons
Secretary to the Commission

00040198297

August 2, 1979

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 1007

Please have the attached First General Counsel's
Report on MUR 1007 distributed to the Commission on a
48 hour tally basis.

Thank you.

80040193298

FEDERAL ELECTION COMMISSION

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL

BY OGC TO COMMISSION AUG 2 1979

MAILED NO. 1007

DATE COMPLAINT RECEIVED

BY OGC July 16, 1979

STAFF MEMBER(S) Myerson

COMPLAINANT'S NAME: Robert L. Nolan at the request and on behalf
of Congressman Ronald V. Dellums

RESPONDENT'S NAME: The Clorox Company
L.D. Whitty, Manager of Government Affairs
of The Clorox Company

RELEVANT STATUTE: 2 U.S.C. §441b

INTERNAL REPORTS CHECKED: Committee Index, Royer for Congress Reports

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

On July 16, 1979, the Commission received a complaint (see Attachment I) which was filed by Robert L. Nolan, an attorney, at the request and on behalf of Congressman Ronald V. Dellums of California. 1/ The complaint alleges that The Clorox Company, a corporation, individually or in concert with others appears to have violated 2 U.S.C. §441b by using corporate personnel and facilities to further the aims of an organization which has as one of its purposes the defeat of a member of Congress and the election of a representative whom the organization believes would be more responsive to business interests.

ANALYSIS

The complaint states that The Clorox Company is a corporation. 2/ Attached to the complaint is what purports to be a copy of a letter on Clorox Company stationery from L.D. Witty, as Manager of Government Affairs of the Clorox Company, to the director of Corporate Communications for

1/ The complaint complied with the requirements of 11 C.F.R. § 111.2 in all respects.

2/ Attachment I at Para. 4. This was confirmed by 1 Standard and Poor's Register of Corporations, Directors and Executives 1979 at 512.

Buttes Gas and Oil 3/ (the letter is attached as Exhibit A to Attachment I). The letter states that Mr. Witty, in "cooperation" with the Chamber of Commerce, is organizing a "Business Advisory Council" ("BAC") in California's Eighth Congressional District. It further states several purposes of BAC including, "if necessary, to seek out and support business oriented candidates for the Congressional seat" and to "serve as a focus for collective efforts to elect a more responsive Representative." The letter informs the recipient that the first BAC was organized in California's Eleventh Congressional District and that as the recipient knows "this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate--and was extremely important to his successful campaign." 5/ The letter invited the recipient to an organizational meeting which was to have been held on Thursday, June 7, 1979, in a conference room in The Clorox Building. The meeting was scheduled to begin at 8:00 a.m. and to conclude no later than 10:00 a.m. The invitee was asked to RSVP to a Carolyn Nixon at (415)271-7228 and was informed to telephone Witty at (415)271-7739 if there were any questions. 5/ Mr. Nolan states in his sworn complaint that the telephone numbers are listed under The Clorox Company and that on June 18, 1979, he telephoned one of the numbers and was told that the first BAC meeting had been held approximately a week before. 6/

2 U.S.C. § 441b(a) prohibits a corporation from making any contribution or expenditure in connection with a federal election and prohibits corporate officers and directors from consenting to any contribution or expenditure prohibited by section 441b. See also 11 C.F.R. § 114.2(b),(d). The complainant alleges that The Clorox Company, and possibly others, appear to have violated section 441b by providing services to BAC and by organizing and promoting a group (BAC) which has as one of its purposes defeating Congressman Dellums and electing a "more responsive Representative." We think that the complaint provides the Commission with reason to believe that section 441b was violated.

For there to be a violation of § 441b, there must be a contribution or expenditure. The term "contribution or expenditure" is defined by 11 C.F.R. § 114.1(a)(1), for purposes of Part 114, to "include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services or anything of value ... to any candidate, political party or committee, organization, or any other person in connection

3/ The complaint states that this company is also incorporated, Attachment I at Para. 5. This was confirmed by 1 Standard and Poor's Register of Corporations, Directors and Executives 1979, at 378.

4/ Congressman William Royer was elected to Congress in 1979 in the special election and run off held to fill the vacancy caused by the death of Congressman Leo J. Ryan.

5/ Exhibit A to Attachment I.

6/ Attachment I at Para. 5.

with any [federal] election..." The use of corporate letterhead, telephones, conference room and employee time to establish an organization which has as one of its purposes the defeat of a member of Congress and the selection and election of a successor who would be more responsive to certain interests, constitutes a "gift of money, or any services or anything of value." Thus, there is a contribution or expenditure unless the statutory exemptions or the Commission's regulations remove this use of corporate resources from the scope of this term. The statutory exemptions contained in 2 U.S.C. § 441b(b)(2) are not applicable, as they reach only three categories of activity and the present matter does not come within any of these categories. 7/

1 Similarly, this matter would seem to fall outside the parameters of
0 11 C.F.R. § 114.9(a), which permits the use of corporate facilities if the
3 corporation is reimbursed, since that subsection is applicable to "individual
3 volunteer activity by stockholders and employees" and this matter involves
3 cooperative activity of employees and nonemployees. Whether 11 C.F.R.
3 § 114.9(c) or (d) would be applicable can be determined only through
3 investigation.

3 The section further requires that the contribution or expenditure be
0 "in connection with" a federal election. Here, according to Witty's letter,
- one of the organization's formal purposes will be, if necessary, to seek
- out and support friendly candidates for the congressional seat. Additionally,
C the letter states that the organization "would serve as a focus for
C collective efforts to elect a more responsive Representative" and reminds
4 the invitee that the first BAC was "instrumental" in selecting "the most
C electable business candidate" and was "extremely important" to his campaign.
C When corporate assets are used to establish an organization which will
C engage in such activity as one of its purposes, these assets are clearly
C used "in connection with" a federal election.

RECOMMENDATIONS

We recommend that the Commission:

1. Find reason to believe that The Clorox Company violated 2 U.S.C. § 441b.

7/ It might arguably have been within the exception for establishing and administering a separate segregated fund but for the fact that a political committee can serve as a separate segregated fund for no more than one sponsoring organization. See AO 1976-73 at 2.

- 4 -

2. Authorize the transmittal of the attached letter and questions (Attachment II).

Attachments:

- I. Complaint and accompanying exhibit
- II. Letter and Questions to L.D. Witty

00040103302

Attachment I

ROBERT LINCOLN NOLAN
Attorney at Law
Tribune Tower, 14th Floor
409 - 13th Street
Oakland, California 94612
(415) 835-9400

In re Complaint to the)
)
FEDERAL ELECTION COMMISSION)
CONCERNING ACTIVITIES OF THE)
CLOROX CORPORATION AND OTHER)
CORPORATIONS IN CALIFORNIA)
CONGRESSIONAL ELECTIONS.)
)
)

COMPLAINT AND AFFIDAVIT
OF ROBERT L. NOLAN, M.D., J.D.

I, being first duly sworn, depose, say and declare
as follows:

1. My name is Robert L. Nolan, M.D., J.D. I am an attorney and physician residing within and with offices within the Eighth Congressional District of California.**
2. I am not presently a candidate.
3. I make this complaint on behalf of and at the request of the Honorable Ronald V. Dellums, member of Congress, representing the Eighth California Congressional District.

ALLEGATION

4. The Clorox Company, a corporation, either individually or in concert with others appears to have violated and to be in violation of 2 U.S.C. 5441b by organizing and promoting a group which has as one of its purposes selecting an individual to the House of Representatives. Not only is Clorox sponsoring

** (Office Address: Tribune Tower, 14th Floor, 409-13th St.,
Oakland, California 94612; AC 415/ 835-9400)

1 the group, but corporate personnel and facilities apparently are
2 being used to further the aims of the group. These activities
3 appear to me to constitute contributions and expenditures by
4 Clorox in connection with a Federal election and, thereby, violate
5 2 U.S.C. §441b, which prohibits the use of corporation treasury
6 funds in connection with a Federal election.

7 FACTS

8 5. Attached is a copy of a letter from L. D. Witty,
9 the Manager of Government Affairs of the Clorox Company in Oakland,
10 California (Exhibit "A"). This letter, on corporate stationery,
11 is addressed to the employee of another corporation and announces
12 the establishment of a Business Advisory Council. One of
13 the stated purposes of this organization is to "serve as a
14 focus for collective efforts to elect a more responsive Repre-
15 sentative". The letter notes that a similar organization was
16 instrumental in the selection and campaign of a successful House
17 candidate in the Eleventh District of California.

18 The organizational meeting, which was scheduled for
19 June 7, 1979, was to be held in the Clorox Building during
20 normal working hours. In addition, the telephone numbers given
21 to respond to the invitation are telephones listed under the
22 corporation. Finally, the letter appears to be signed by the
23 Manager of Government Affairs for the corporation.

24 On June 13, 1979, at approximately 2:20 P.M., I person-
25 ally telephoned the number 271-7228 (Area Code 415). The woman
26 who answered that number, which I obtained from Exhibit "A",
27 stated to me that the first meeting of the Business Advisory
28 Council had been held about a week before my telephone inquiry.

LEGAL ANALYSIS

6. Corporations are prohibited from making any contribution or expenditure in connection with a Federal Election.

2 U.S.C. §441b. Contribution and expenditure are defined as any "direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value..." in connection with a Federal election. The statutory exemptions to this section do not seem to apply since this communication is clearly beyond the group to which the corporation is allowed to communicate in a partisan fashion.

The corporation appears to be providing services in this situation. The use of corporation letterhead, facilities, and staff are services of value in an organization of this type. The exception in the regulations allowing stockholders and employees to make occasional, isolated, or incidental use of corporate facilities, §114.9(a), is not applicable in this situation, since persons other than stockholders and employees have been invited to the meeting. The corporation must be reimbursed for the use of its facilities in the amount of the normal and usual rental charge for the use of the facilities. §114.9(d). Any use of employees during office hours, when they are compensated by the corporation also appears to be a clear violation.

The more serious apparent violation by the corporation, however, is the sponsorship of a group to defeat a sitting member of Congress and elect a "more responsive Representative." Such an activity appears to be active electioneering and by any standard a violation of 2 U.S.C. §441b. The use of the corporate

1 letterhead, corporate facilities, and corporate title all combine
2 to convey corporate backing and add legitimacy and authority to
3 the organization. The combined use of the corporate letterhead,
4 facilities, and corporate titles appears to be something of value
5 within the meaning of §441b.

6 RELIEF

7 7. It is requested that the Commission conduct a thorough
8 and complete investigation of this matter expeditiously pursuant
9 to §437g and that

10 a) The Commission thereafter take appropriate action under
11 2 U.S.C. §437g to enjoin the active involvement of the Clorox
12 Company and those that may be collaborating with it in the elec-
13 tion in California's 8th Congressional District and/or other
14 congressional districts, and

15 b) The Commission take whatever corrective action is
16 authorized by law for any violations of law that that may have
17 been involved in the special congressional election in the Eleventh
18 Congressional District of California held on or about April 3,
19 1979, and

20 c) The Commission take whatever action is necessary to
21 preclude further unlawful corporate involvement in the election
22 in California's Eighth Congressional District, and

23 d) The Commission take whatever action is deemed applicable
24 with regard to any violations of law that may be disclosed by in-
25 vestigation of the matters that are referred to in this complaint
26 including Exhibit "A", and

27 e) The Commission advise Congressman Ronald V. Dellums and
28 myself of the results of investigation and action taken.

1 I have read the foregoing complaint and affidavit consisting of
2 five pages, including this page, and believe it to be true and
3 correct and declare it to be based upon my knowledge, information
4 and belief.

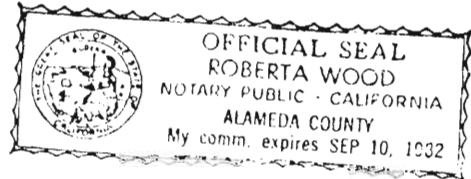
5 Dated: July 9, 1979

Robert L. Nolan
ROBERT L. NOLAN, M.D., J.D.

6
7 Subscribed and sworn to before me
8 this 9th day of July 1979 at
9 Oakland, California.

Roberta Wood
Notary Public

10 My Commission expires 9/10/82



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May 18, 1979

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Dear Mr. Stewart:

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the best electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressional officials. In addition, the Council could serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 3:00 a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10 a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-1278. If you have any questions, don't hesitate to call me at (415) 271-1139.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Witty

Manager of Government Affairs

The Clorox Company

General Office, 1221 Broadway, Oakland, CA 94612, Tel. (415) 271-1000
Fax (415) 271-1139

Exhibit "A"



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Clorox Company
L. D. Witty, Manager of
Government Affairs
1221 Broadway
Oakland, California 94623

Re: MUR 1007

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Under the Act, you have an opportunity to demonstrate that no action should be taken. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Statements should be submitted under oath.

- 2 -

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification. If no response is received, the Commission may take further action based on the information at hand.

If you have any questions, please contact Jay B. Myerson, the attorney assigned to this matter, at (202) 523-4529.

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If The Clorox Company intends to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

Complaint
Questions

1133C

1. Are you an officer of The Clorox Company?
2. When was the Business Advisory Council for California's Eighth Congressional District ("Eighth District BAC") created?
3. (a) How did you come to form the Eighth District BAC?
(b) Is this the only BAC formed by you or in which you have been actively involved? If not, identify the other BACs.
4. (a) Explain the relation, if any, which exists between the Eighth District BAC and The Clorox Company.
(b) If other BACs were identified in response to 3(b), please explain the relation, if any, which exists between them and The Clorox Company and between the BACs themselves.
5. (a) Did anyone in The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who? (Identify each such person by name, address, telephone number, relation to The Clorox Company, and why the person's authorization was sought.)
(b) Did anyone outside The Clorox Company authorize you to establish the Eighth District BAC or any other BAC? If so, who?
6. (a) Identify all Clorox stockholders, officers, employees and agents who assisted you in establishing the Eighth District BAC or who have helped since it was established (identify each such person by name, address, telephone number, relation to the Clorox Company, nature of assistance rendered and the date and times when such assistance was provided).
(b) Provide the same information as is sought by 6(a) for all Clorox stockholders, officers, employees and agents who assisted with any other BAC (identify by name and position each person making such use and authorizing such use).
7. What use, if any, was made of Clorox Company facilities or services for BAC-related activities? (Identify by name and position each person making and authorizing such use and state what was used and when and why it was used.)

8. (a) How many letters were mailed announcing the June 7, 1979 meeting? Provide the Commission with copies of each letter.
- (b) Who paid the postage for these letters?
- (c) Who typed the letters?
- (d) What is Carolyn Nixon's relation to The Clorox Company and to the Eighth District BAC?
- (e) How many telephone calls were received in response to the invitations to the June 7, 1979, meeting? How many of these were received during business hours?
9. (a) Was The Clorox Company reimbursed or compensated for the use of its facilities, services or employees?
- (b) For each instance of reimbursement or compensation, state when the payment was made, how much was paid and how the amount of payment was determined.
10. State the dates on which the Eighth District BAC met, who attended each meeting and provide the Commission with copies of the minutes of each meeting.
11. In what way were you cooperating with the Chamber of Commerce by establishing the Eighth District BAC?
12. In what way was the Eleventh District BAC "instrumental in the selection of Bill Royer..."?
13. What made the Eleventh District BAC "extremely important" to Congressman Royer's "successful campaign"?
14. Produce for the Commission's inspection the Eighth District BAC's governing documents and the governing documents of other BACs with which you are connected.

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FEDERAL ELECTION COMMISSION

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

July 23, 1979

Dr. Robert L. Nolan
Tribune Tower, 14th Floor
409 13th Street
Oakland, California 94612

Dear Dr. Nolan:

This is to acknowledge receipt of your complaint of July 9, 1979, alleging violations of the Federal Election Campaign Laws. A staff member has been assigned to analyze your allegations and a recommendation to the Federal Election Commission as to how this matter should be handled will be made shortly. You will be notified as soon as the Commission determines what action should be taken. For your information, we have attached a brief description of the Commission's preliminary procedures for the handling of complaints.

Sincerely,

A handwritten signature in dark ink, appearing to read "Hal Ponder", is written over the typed name.

Hal Ponder
Assistant General Counsel

Enclosure

mur 1007

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10563

RECEIVED
FEDERAL ELECTION
COMMISSION

'79 JUL 16 PM 2:27

ROBERT LINCOLN NOLAN
Attorney at Law
Tribune Tower, 14th Floor
409 - 13th Street
Oakland, California 94612
(415) 835-9400

19 JUL 16 P 4:01
19 JUL 16

OFFICE OF THE
CLERK OF THE
U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

GET

In re Complaint to the)
FEDERAL ELECTION COMMISSION)
CONCERNING ACTIVITIES OF THE)
CLOROX CORPORATION AND OTHER)
CORPORATIONS IN CALIFORNIA)
CONGRESSIONAL ELECTIONS.)

COMPLAINT AND AFFIDAVIT
OF ROBERT L. NOLAN, M.D., J.D.

SS
903109

I, being first duly sworn, depose, say and declare
as follows:

1. My name is Robert L. Nolan, M.D., J.D. I am an
attorney and physician residing within and with offices within
the Eighth Congressional District of California.**

2. I am not presently a candidate.

3. I make this complaint on behalf of and at the
request of the Honorable Ronald V. Dellums, member of Congress,
representing the Eighth California Congressional District.

ALLEGATION

4. The Clorox Company, a corporation, either individu-
ally or in concert with others appears to have violated and to
be in violation of 2 U.S.C. 5441b by organizing and promoting a
group which has as one of its purposes selecting an individual
to the House of Representatives. Not only is Clorox sponsoring

** (Office Address: Tribune Tower, 14th Floor, 409-13th St.,
Oakland, California 94612; AC 415/ 835-9400)

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1 the group, but corporate personnel and facilities apparently are
2 being used to further the aims of the group. These activities
3 appear to me to constitute contributions and expenditures by
4 Clorox in connection with a Federal election and, thereby, violate
5 2 U.S.C. §441b, which prohibits the use of corporation treasury
6 funds in connection with a Federal election.

7 FACTS

8 5. Attached is a copy of a letter from L. D. Witty,
9 the Manager of Government Affairs of the Clorox Company in Oakland,
10 California (Exhibit "A"). This letter, on corporate stationery,
11 is addressed to the employee of another corporation and announces
12 the establishment of a Business Advisory Council. One of
13 the stated purposes of this organization is to "serve as a
14 focus for collective efforts to elect a more responsive Repre-
15 sentative". The letter notes that a similar organization was
16 instrumental in the selection and campaign of a successful House
17 candidate in the Eleventh District of California.

18 The organizational meeting, which was scheduled for
19 June 7, 1979, was to be held in the Clorox Building during
20 normal working hours. In addition, the telephone numbers given
21 to respond to the invitation are telephones listed under the
22 corporation. Finally, the letter appears to be signed by the
23 Manager of Government Affairs for the corporation.

24 On June 13, 1979, at approximately 2:20 P.M., I person-
25 ally telephoned the number 271-7228 (Area Code 415). The woman
26 who answered that number, which I obtained from Exhibit "A",
27 stated to me that the first meeting of the Business Advisory
28 Council had been held about a week before my telephone inquiry.

LEGAL ANALYSIS

6. Corporations are prohibited from making any contribution or expenditure in connection with a Federal Election.

2 U.S.C. §441b. Contribution and expenditure are defined as any "direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value..." in connection with a Federal election. The statutory exemptions to this section do not seem to apply since this communication is clearly beyond the group to which the corporation is allowed to communicate in a partisan fashion.

The corporation appears to be providing services in this situation. The use of corporation letterhead, facilities, and staff are services of value in an organization of this type. The exception in the regulations allowing stockholders and employees to make occasional, isolated, or incidental use of corporate facilities, §114.9(a), is not applicable in this situation, since persons other than stockholders and employees have been invited to the meeting. The corporation must be reimbursed for the use of its facilities in the amount of the normal and usual rental charge for the use of the facilities. §114.9(d). Any use of employees during office hours, when they are compensated by the corporation also appears to be a clear violation.

The more serious apparent violation by the corporation, however, is the sponsorship of a group to defeat a sitting member of Congress and elect a "more responsive Representative." Such an activity appears to be active electioneering and by any standard a violation of 2 U.S.C. §441b. The use of the corporate

1 letterhead, corporate facilities, and corporate title all combine
2 to convey corporate backing and add legitimacy and authority to
3 the organization. The combined use of the corporate letterhead,
4 facilities, and corporate titles appears to be something of value
5 within the meaning of §441b.

6 RELIEF

7 7. It is requested that the Commission conduct a thorough
8 and complete investigation of this matter expeditiously pursuant
9 to §437g and that

10 a) The Commission thereafter take appropriate action under
11 2 U.S.C. §437g to enjoin the active involvement of the Clorox
12 Company and those that may be collaborating with it in the elec-
13 tion in California's 8th Congressional District and/or other
14 congressional districts, and

15 b) The Commission take whatever corrective action is
16 authorized by law for any violations of law that that may have
17 been involved in the special congressional election in the Eleventh
18 Congressional District of California held on or about April 3,
19 1979, and

20 c) The Commission take whatever action is necessary to
21 preclude further unlawful corporate involvement in the election
22 in California's Eighth Congressional District, and

23 d) The Commission take whatever action is deemed applicable
24 with regard to any violations of law that may be disclosed by in-
25 vestigation of the matters that are referred to in this complaint
26 including Exhibit "A", and

27 e) The Commission advise Congressman Ronald V. Dellums and
28 myself of the results of investigation and action taken.

1 I have read the foregoing complaint and affidavit consisting of
2 five pages, including this page, and believe it to be true and
3 correct and declare it to be based upon my knowledge, information
4 and belief.

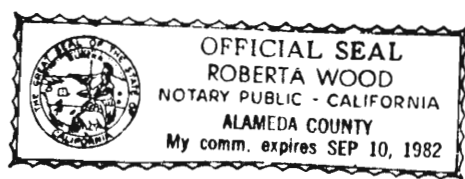
5 Dated: July 9, 1979

Robert L. Nolan M.D.
ROBERT L. NOLAN, M.D., J.D.

7 Subscribed and sworn to before me
8 this 9th day of July 1979 at
9 Oakland, California.

Roberta Wood
Notary Public

10 My Commission expires 9/10/82



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May 18, 1979

Mr. Larry Stewart
Director, Corporate Communications
Buttes Gas & Oil
1221 Broadway, 19th Floor
Oakland, CA 94612

Dear Mr. Stewart:

In cooperation with the Chamber of Commerce of the U.S., I am organizing a Business Advisory Council in the 8th Congressional District (CA). Your active participation in the Council will help guarantee Congressional representation from the 8th District that is responsive to business views.

The formal purposes of a Business Advisory Council are:

- (1) to establish and maintain communication with the U.S. Representative from the Congressional District, letting that Representative know local business views on public issues; and
- (2) to analyze the receptiveness of the Representative to business views and, if necessary, to seek out and support business-oriented candidates for the Congressional seat. While a BAC does not engage in fund-raising, it does provide a forum for discussion of political affairs.

The first BAC was organized in California's 11th District. As you know, this Council was instrumental in the selection of Bill Royer as the most electable pro-business candidate -- and was extremely important to his successful campaign.

An effective 8th District Council would enhance our ability to communicate business' viewpoint to Congressman Dellums. In addition, the Council would serve as a focus for collective efforts to elect a more responsive Representative.

I hope you will join us for an organizational meeting on Thursday, June 7, 1979. The meeting will be held at 8:00a.m. in Conference Room A, 13th Floor, The Clorox Building, 1221 Broadway, Oakland. It will conclude no later than 10a.m.

Please R.S.V.P. to Carolyn Nixon at (415) 271-7228. If you have any questions, don't hesitate to call me at (415) 271-7739.

I look forward to seeing you on the 7th.

Sincerely,

L. D. Wiley
Manager of Government Affairs

ROBERT LINCOLN NOLAN

ATTORNEY AT LAW

14TH FLOOR, TRIBUNE TOWER

OAKLAND, CALIFORNIA 94612

RETURN RECEIPT
REQUESTED

CERTIFIED

No. 744506

MAIL



79 JUL 19 PM 2 57

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20436



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1007

Date Filmed 6/16/80 Camera No. --- 2

Cameraman GRC

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FEDERAL ELECTION COMMISSION

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

END OF ADDITIONAL MATERIAL FOR CLOSED MUR 1007.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 23, 1980

Dr. Richard Nolan
P.O. Box 1137
Lafayette, California 94549

Dear Dr. Nolan:

This will confirm your telephone conversation with Thomas J. Whitehead of this office. Pursuant to that conversation we are forwarding herewith copies of both the General Counsel's Report and General Counsel's Brief in MUR 1007.

If we can be of further assistance, please call Mr. Whitehead at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

cc with enclosures to:

Hon. Ronald V. Dellums
3557 Mount Diablo Blvd.
Oakland, CA 94604

00040223131

PS Form 3811, Aug 1978

RETURN RECEIPT REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.		
1 The following service is requested (check one): <input type="checkbox"/> Show to whom and date delivered _____ <input type="checkbox"/> Show to whom, date, and address of delivery _____ <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered _____ <input type="checkbox"/> RESTRICTED DELIVERY Show to whom, date, and address of delivery \$ _____ (CONSULT POSTMASTER FOR FEES)		
2 ARTICLE ADDRESSED TO: MS. L. D. Whitehead PO Box 24305 OAKLAND, CA 94623		
3 ARTICLE DESCRIPTION REGISTERED NO. CERTIFIED NO. INSURED NO. H505H2		
(Always obtain signature of addressee or agent)		
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input checked="" type="checkbox"/> Authorized agent Prater M. Ferguson		
4 DATE OF DELIVERY 6/9/80		POSTMARK
5 ADDRESS (Complete only if requested)		
6 UNABLE TO DELIVER BECAUSE		CLERK'S INITIALS

MUR-1007

Whitehead



FEDERAL ELECTION COMMISSION

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

THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC FILE OF CLOSED MUR 1007.

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