FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3008

DATE FILMED 2/27/91 CAMERA NO. 4

CAMERAMAN AS

OGC# 70

Re-elect – Pre Mur 200
Elton Gallegly
To Congress

October 19, 1988

Mr. Larry Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Mr. Noble:

As you may be aware, I spoke with Mr. John Serena of your staff today about a question which has been asked regarding an unpaid obligation listed on my FEC report. This obligation was for office space for campaign purposes in a building owned by myself, my wife and another couple.

I am extremely conscientious as to ensuring that reporting requirements are met, to the letter, of FEC regulations. In this regard, I asked your staff to review my report and was assured that all filings were in order and proper.

There has today arisen a question, however, as to the length of time this one referenced obligation has been outstanding in relation to technical FEC regulations. I would greatly appreciate your review of this situation and your opinion on whether this outstanding obligation is acceptable to the FEC. Based upon what I have stated herein, even though I have been advised of the appropriateness of my report by the FEC staff, I do not want to be in technical violation of any FEC regulation.

I would greatly appreciate your immediate attention to this matter in order to properly and expeditiously resolve this question.

Sincerely,

Elton Gallegly
Member of Congress

EG:ms

cc: John Serena

P.O. Box 3789 • Simi Valley, CA 93063 • **(805) 522-4487** • I.D. #C-00194803

PAID FOR BY GALLEGLY FOR CONGRESS

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

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

89 NOV -1 PM 4:40

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

PRE-MUR 200
DATE REQUEST RECEIVED
BY OGC: October 26, 1988
DATE OF NOTIFICATION TO
RESPONDENT: October 26, 1988
STAFF MEMBER: Sandra J. Dunham

SOURCE OF MUR: Sua Sponte by the Honorable Elton Gallegly

RESPONDENTS: Gallegly for Congress and D. Frank Norton, Jr., as treasurer
Erringer Professional Building
Janice Gallegly
Mike Schweitzer
Marcie Schweitzer

RELEVANT STATUTES: 2 U.S.C. § 441a(f)
2 U.S.C. § 441a(a)(1)(A)
11 C.F.R. § 100.7(a)(4)
11 C.F.R. § 100.1(e)(1)
11 C.F.R. § 100.10(a)

INTERNAL REPORTS CHECKED: Documents on C Index

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

Congressman Elton Gallegly sent the Commission a letter regarding the amount of time the Gallegly for Congress Committee ("the Committee") has been carrying and reporting a certain debt, and asked the Commission to comment on such actions.[1/] (Attachment 1). Specifically, the debt involves the rental of an office and office equipment for campaign purposes.

1/ This request was treated as an enforcement matter instead of an advisory opinion because it dealt with transactions that had already occurred rather than possible future transactions.

II. FACTUAL AND LEGAL ANALYSIS

On March 12, 1986, the Committee sent the Commission a letter indicating it would like to list the cost of its office rental space and equipment as a debt on Schedule D. (Attachment 2). The Committee indicated it preferred this method because the rent for the office space and equipment was being paid by a company called Dynamic Realty, of which the candidate was the sole proprietor, to Erringer Professional Building ("Erringer"), of which the candidate and his wife were co-owners with another couple.2/ Later Congressman Gallegly wrote to the Commission regarding the length of time the Committee had been carrying the debt. He was informed that this latter inquiry was being addressed as a potential enforcement matter.

The following list is a chronology of the payment of rent for the campaign committee's office and office equipment:

REPORT	LISTING	PURPOSE	AMOUNT
1985 Mid-Year	In-Kind Contribution from E. Gallegly	Office space and business machines	$1,706.25
1985 Year End	In-Kind Contribution from E. Gallegly	Office space and business machines	$4,095.00
1986 April Quarterly	In-Kind Contribution from E. Gallegly	Business machines	$ 660.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$2,400.00

2/ The California Department of State - Corporations Division has no record of a corporation called Erringer Professional Building. Therefore, it appears that this entity is a partnership. The names of the four partners are Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Congressman Gallegly identified Dynamic Realty as a proprietorship.

1986 Pre-Primary	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
1986 July Quarterly	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office	$3,325.26
1986 October Quarterly	In-Kind Contribution from E. Gallegly	Office space	$ 750.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$2,400.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 625.20
1986 Pre-General	In-Kind Contribution from J. Gallegly	Office space	$ 93.75
	In-Kind Contribution from Marcie Schweitzer	Office space	$ 93.75
	In-Kind Contribution from Mike Schweitzer	Office space	$ 93.75
	In-Kind Contribution from E. Gallegly	Office space	$ 93.75
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$ 400.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 75.00

1986 Post-General	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 318.65
	Debt owed to Erringer Professional Building	Rent	$1,125.00
1986 Year End	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$ 800.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 220.00
	Debt owed to Erringer Professional Building	Rent	$ 750.00
1987 Mid-Year	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 870.00
	Debt owed to Erringer Professional Building	Rent	$1,500.00
1987 Year-End	Debt owed to E. Gallegly	Office machines	$ 870.00
	Debt owed to Erringer Professional Building	Rent	$1,500.00
1988 April Quarterly	Debt owed to E. Gallegly	Office machines	$ 660.00
	Debt owed to Erringer Professional Building	Rent	$2,250.00
1988 Pre-Primary	Debt owed to E. Gallegly	Office machines	$ 222.00
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1988 July Quarterly	Debt owed to E. Gallegly	Office machines	$ 192.80
	Debt owed to Erringer Profes- sional Building	Rent	$1,025.00
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	Debt owed to Erringer Profes- sional Building	Rent	$ 475.00
1988 Post- General	Debt owed to E. Gallegly	Office machines	$ 270.48
	Debt owed to Erringer Profes- sional Building	Rent	$1,450.00
1988 Year-End	Debt owed to E. Gallegly	Office machines	$ 149.32
	Debt owed to Erringer Profes- sional Building	Rent	$ 800.00
1989 Mid-Year	Debt owed to E. Gallegly	Office machines	$ 840.00
	Debt owed to Erringer Profes- sional Building and payment of same amount[3/]	Rent	$4,500.00

2 U.S.C. § 431(8)(A) defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything

3/ This is the first and only time that the Committee has paid Erringer some of the debt that it owed for rent on the campaign headquarters.

of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of person...." 11 C.F.R. § 100.7(a)(4) states that the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(f) states that no candidate or political committee shall knowingly accept any contributions in violation of the contribution limits set forth in section 441a.

The Committee has reported various debts (i.e., to consultants, transportation companies, etc.) since its inception in 1985. As of July 21, 1989, the Committee still owed money to the Congressman (dba Dynamic Realty), to his wife for mileage and to Erringer. On the same date, the Committee had $182,191 cash on hand. As shown above, the debts owed to Dynamic Realty began accumulating as of the 1986 April Quarterly reporting period and increased each successive reporting period until the 1986 Year End reporting period. The debts owed to Erringer began accumulating in the 1986 Post-General Election reporting period and increased each successive reporting period until the 1989

Mid-year reporting period. As stated above, the Committee has only paid $4,500 of its debts owed to Erringer and has paid Dynamic Realty only $176.08 for equipment rentals.

While it appears that the Committee has enough money to pay off all its debts owed to Dynamic Realty and Erringer, it has not done so. Additionally, no evidence is in hand indicating that Dynamic Realty and Erringer have made any commercially reasonable attempts to collect the debts owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer does not appear to have been an arms-length transaction. The rental value of the Committee headquarters therefore appears to have been in-kind contributions from both Dynamic Realty to the Committee and from Erringer to the Committee, not a business arrangement resulting in debts owed by the Committee.

Because Dynamic Realty is a sole proprietorship of Congressman Gallegly, the $9,600 reported as owed to Dynamic for rent and the $8,131.17 reported as owed for equipment rental in 1986 appear to have been in-kind contributions from the candidate. 11 C.F.R. § 110.10(a) states that candidates for Federal office may make unlimited expenditures from personal funds. Consequently, the $17,731.17 contributed by the candidate in his capacity as sole proprietor of Dynamic Realty, does not result in an excessive contribution.

Pursuant to 11 C.F.R. § 110.1(e)(1), a contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits, according to instructions which shall be provided by the partnership to the political committee or candidate. A contribution by a partnership shall not exceed the limitations on contributions, thus a partnership may give $1,000 to a candidate committee for each election in an election cycle, $1,000 for the primary and $1,000 for the general. Assuming each partner owns an equal share of Erringer, each partner could contribute $250 of the partnership's $1,000 to the Committee for each of the 1986 and 1988 elections, plus an additional $750 for each election in his or her individual capacity.

The first report of a debt ostensibly owed to Erringer came after the 1986 primary election. Because a review of the Committee's reports does not reveal how the rent was calculated nor when it was due, it appears that Erringer's contribution arising from the provision of free rental space was limited to the general election campaign of 1986 for which it could contribute only $1,000. The Committee's 1986 Year End Report indicated a debt of $1,875 owed to Erringer by the Committee. Therefore, Erringer apparently made a $875 excessive contribution to the Committee for the 1986 general election campaign.

Each partner's share of the 1986 contribution equaled $469 toward the general election. The only other contributions listed by the Committee from the three individual partners besides Congressman Gallegly during this election cycle were a second contribution of $469 from each partner listed as in-kind contributions by each partner for a total of $938. Therefore, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer apparently did not make excessive contributions to the Committee during the 1986 election cycle.

The debt owed to Erringer for rent on office space increased by $12,000 during the 1988 election cycle. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report. Erringer was permitted to contribute only $1,000 per election. Therefore, Erringer apparently made a total of $10,000 in excessive contributions to the Committee during the 1988 election cycle, $5,000 for the primary and $5,000 for the general.

Each partner's share of the contribution made by Erringer was apparently $1,500 for the primary election and $1,500 for the general election. None of the reports filed with the Commission by the Committee listed any additional contributions from either Janice Gallegly or Marcie Schweitzer in 1987-88 but the 1988 Pre-General Election Report listed a $100 contribution from Mike Schweitzer. Therefore, Janice Gallegly and Marcie Schweitzer apparently each made $1,000 in excessive contributions to the Committee during the 1988 election cycle and Mike Schweitzer made $1,100 in excessive contributions to the Committee during the 1988 election cycle. As discussed earlier, the fourth partner, Congressman Gallegly is free of statutory contribution limits. Again, as of July, 1989, only one payment of $4,500 has been made to Erringer by the Committee.

Accordingly, the Office of the General Counsel recommends that the Commission open a MUR and find reason to believe that the Committee violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Erringer Professional Building, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Additionally, this Office recommends that the Commission find reason to believe that Erringer Professional Building, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Committee.

III. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that Gallegly for Congress and D. Frank Norton, Jr., as treasurer, violated 2 U.S.C. § 441a(f).
3. Find reason to believe that Erringer Professional Building, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer violated 2 U.S.C. § 441a(a)(1)(A).
4. Approve the attached Letters, Questions and Factual and Legal Analyses.

Lawrence M. Noble
General Counsel

10-31-89
Date

BY: Lois G. Lerner
Associate General Counsel

Attachments
1. Letter dated October 19, 1988
2. Letter dated March 12, 1986
3. Proposed Letters, Questions and Factual and Legal Analyses (6)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) Pre-MUR 200 (MUR 3008)
Gallegly for Congress and D. Frank)
Norton, Jr., as treasurer)
Erringer Professional Building)
Janice Gallegly)
Mike Schweitzer)
Marcie Schweitzer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of November 14, 1989, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions with respect to Pre-MUR 200:

1. Open a Matter Under Review (MUR).

2. Find reason to believe that Gallegly for Congress and D. Frank Norton, Jr., as treasurer, violated 2 U.S.C. § 441a(f).

(continued)

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3. Find reason to believe that Erringer Professional Building, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer violated 2 U.S.C. § 441a(a)(1)(A).

4. Approve the Letters, Questions, and Factual and Legal Analyses as recommended in the General Counsel's report dated October 31, 1989.

Commissioners Aikens, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Elliott dissented.

Attest:

Marjorie W. Emmons

November 17, 1989

Marjorie W. Emmons
Secretary of the Commission

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 22, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Erringer Professional Building
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

RE: MUR 3008
Erringer Professional
Building

Dear Sir/Madam:

The Federal Election Commission received an inquiry from Congressman Elton Gallegly on October 19, 1988, regarding outstanding debts. In order to resolve this matter, on November 14, 1989, the Federal Election Commission found that there is reason to believe Erringer Professional Building violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Erringer Professional Building. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office, along with answers to the attached questions, within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Erringer Professional Building, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or

recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. SS 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Sandra J. Dunham, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald
Chairman

Enclosures
- Factual and Legal Analysis
- Procedures
- Designation of Counsel Form
- Questions

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Erringer Professional Building MUR 3008

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2 U.S.C. § 431(8)(A) defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of person...." 11 C.F.R. § 100.7(a)(4) states that the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(f) states that no candidate or political committee shall knowingly accept any contributions in violation of the contribution limits set forth in section 441a.

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While it appears that the Committee has enough money to pay off all its debts owed to Dynamic Realty and Erringer, it has not done so. Additionally, no evidence is in hand indicating that Dynamic Realty and Erringer have made any commercially reasonable attempts to collect the debts owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer does not appear to have been an arms-length transaction. The rental value of the Committee headquarters therefore appears to have been in-kind contributions from both Dynamic Realty to the Committee and from Erringer to the Committee, not a business arrangement resulting in debts owed by the Committee.

Pursuant to 11 C.F.R. § 110.1(e)(1), a contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits, according to instructions which shall be provided by the partnership to the political committee or candidate. A contribution by a partnership shall not exceed the limitations on contributions, thus a partnership may give $1,000 to a candidate committee for each election in an election cycle, $1,000 for the primary and $1,000 for the general. Assuming each partner owns an equal share of Erringer, each partner could contribute $250 of the partnership's $1,000 to the Committee for each of the 1986 and 1988 elections, plus an additional $750 for each election in his or her individual capacity.

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Accordingly, there is reason to believe that Erringer Professional Building violated 2 U.S.C. § 441a(a)(1)(A).

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 3008
)
)
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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Erringer Professional Building
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

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INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondents in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies. The term document includes, but is not limited to contracts, notes, accounting statements and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

1. Please identify the status of the entity called Erringer Professional Building. If it is a partnership, please identify all of the partners and the percentage of the partnership which each partner holds.

2. Please produce copies of the official documents establishing the status of Erringer Professional Building, e.g., the partnership agreement.

3. Please state the monthly rent for Gallegly for Congress' campaign headquarters at 1791 Erringer Road, Simi Valley, CA.

4. Please explain how this amount for the monthly rent was calculated.

5. Please produce any written agreement between Erringer Professional Building and Gallegly for Congress.

6. Please produce documents disclosing the rents charged other tenants located in the building at 1791 Erringer Road, Simi Valley, CA. Please explain how each of these rents was calculated.

7. Please answer the following:
(a) What are the payment requirements for the other tenants located in the building at 1791 Erringer Road, Simi Valley, CA?
(a)(1) Are deposits required?
(a)(2) Must the rent be paid on a regular schedule? If yes, what are the schedules?
(b) Has any tenant ever been evicted for the nonpayment of rent?
(c) Has credit ever been extended to the other tenants located at 1791 Erringer Road, Simi Valley, CA? If so, please explain the circumstances.

8. Please describe the efforts made by Erringer Professional Building to collect the debt owed by Gallegly for Congress? Please provide copies of all documents reflecting these requests.

FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

November 22, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

D. Frank Norton, Jr., Treasurer
Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

RE: MUR 3008
Gallegly for Congress and
D. Frank Norton, Jr., as
treasurer

Dear Mr. Norton:

The Federal Election Commission received an inquiry from Congressman Elton Gallegly on October 19, 1988, regarding outstanding debts. In order to resolve this matter, on , 1989, the Federal Election Commission found that there is reason to believe Gallegly for Congress ("Committee") and you, as treasurer, violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Committee and you, as treasurer. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against the Committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.13(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or

D. Frank Norton, Jr.
Page 2

recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Sandra J. Dunham, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald
Chairman

Enclosures
  Factual and Legal Analysis
  Procedures
  Designation of Counsel Form

cc: The Honorable Elton Gallegly

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: **Gallegly for Congress and D. Frank Norton, Jr., as treasurer** **MUR 3008**

On March 12, 1986, Gallegly for Congress (the "Committee") sent the Commission a letter indicating it would like to list the cost of its office rental space and equipment as a debt on Schedule D. The Committee indicated it preferred this method because the rent for the office space and equipment was being paid by a company called Dynamic Realty, of which the candidate was the sole proprietor, to Erringer Professional Building ("Erringer"), of which the candidate and his wife were co-owners with another couple.[1/] Later Congressman Gallegly wrote to the Commission regarding the amount of time the Committee had been carrying the debt. He was informed that this latter inquiry was being addressed as a Pre-MUR.

The following list is a chronology of the payment of rent for the campaign committee's office and office equipment:

REPORT	LISTING	PURPOSE	AMOUNT
1985 Mid-Year	In-Kind Contribution from E. Gallegly	Office space and business machines	$1,706.25
1985 Year End	In-Kind Contribution from E. Gallegly	Office space and business machines	$4,095.00

[1/] The California Department of State - Corporations Division has no record of a corporation called Erringer Professional Building. Therefore, it appears that this entity is a partnership. The names of the four partners are Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Congressman Gallegly identified Dynamic Realty as a proprietorship.

1986 April Quarterly	In-Kind Contribution from E. Gallegly	Business machines	$ 660.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$2,400.00
1986 Pre-Primary	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
1986 July Quarterly	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office	$3,325.26
1986 October Quarterly	In-Kind Contribution from E. Gallegly	Office space	$ 750.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$2,400.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 625.20
1986 Pre-General	In-Kind Contribution from J. Gallegly	Office space	$ 93.75
	In-Kind Contribution from Marcie Schweitzer	Office space	$ 93.75
	In-Kind Contribution from Mike Schweitzer	Office space	$ 93.75

	In-Kind Contribution from E. Gallegly	Office space	$ 93.75
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$ 400.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 75.00
1986 Post-General	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 318.65
	Debt owed to Erringer Profes-sional Building	Rent	$1,125.00
1986 Year End	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$ 800.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 220.00
	Debt owed to Erringer Profes-sional Building	Rent	$ 750.00
1987 Mid-Year	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 870.00
	Debt owed to Erringer Profes-sional Building	Rent	$1,500.00
1987 Year-End	Debt owed to E. Gallegly	Office machines	$ 870.00
	Debt owed to Erringer Profes-sional Building	Rent	$1,500.00

1988 April Quarterly	Debt owed to E. Gallegly	Office machines	$ 660.00
	Debt owed to Erringer Professional Building	Rent	$2,250.00
1988 Pre-Primary	Debt owed to E. Gallegly	Office machines	$ 222.00
	Debt owed to Erringer Professional Building	Rent	$ 750.00
1988 July Quarterly	Debt owed to E. Gallegly	Office machines	$ 192.80
	Debt owed to Erringer Professional Building	Rent	$1,025.00
1988 October Quarterly	Debt owed to E. Gallegly	Office machines	$ 210.00
	Debt owed to Erringer Professional Building	Rent	$2,250.00
1988 Pre-General	Debt owed to E. Gallegly	Office machines	$ 88.54
	Debt owed to Erringer Professional Building	Rent	$ 475.00
1988 Post-General	Debt owed to E. Gallegly	Office machines	$ 270.48
	Debt owed to Erringer Professional Building	Rent	$1,450.00
1988 Year-End	Debt owed to E. Gallegly	Office machines	$ 149.32
	Debt owed to Erringer Professional Building	Rent	$ 800.00

1989 Mid-Year	Debt owed to E. Gallegly	Office machines	$ 840.00
	Debt owed to Erringer Professional Building and payment of same amount	Rent	$4,500.00

2 U.S.C. § 431(8)(A) defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of person...." 11 C.F.R. § 100.7(a)(4) states that the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(f) states that no candidate or political committee shall knowingly accept any contributions in violation of the contribution limits set forth in section 441a.

The Committee has reported various debts (i.e., to consultants, transportation companies, etc.) since its inception in 1985. As of July 21, 1989, the Committee still owed money to the Congressman (dba Dynamic Realty), to his wife for mileage and to Erringer. On the same date, the Committee had $182,191 cash on hand. As shown above, the debts owed to Dynamic Realty began accumulating as of the 1986 April Quarterly reporting period and increased each successive reporting period until the 1986 Year End reporting period. The debts owed to Erringer began accumulating in the 1986 Post-General Election reporting period and increased each successive reporting period until the 1989 Mid-year reporting period. As stated above, the Committee has only paid $4,500 of its debts owed to Erringer and has paid Dynamic Realty only $176.08 for equipment rentals.

While it appears that the Committee has enough money to pay off all its debts owed to Dynamic Realty and Erringer, it has not done so. Additionally, no evidence is in hand indicating that Dynamic Realty and Erringer have made any commercially reasonable attempts to collect the debts owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer does not appear to have been an arms-length transaction. The rental value of the Committee headquarters therefore appears to have been in-kind contributions from both Dynamic Realty to the Committee and from Erringer to the Committee, not a business arrangement resulting in debts owed by the Committee.

Because Dynamic Realty is a sole proprietorship of Congressman Gallegly, the $9,600 reported as owed to Dynamic for rent and the $8,131.17 reported as owed for equipment rental in 1986 appear to have been in-kind contributions from the candidate. 11 C.F.R. § 110.10(a) states that candidates for Federal office may make unlimited expenditures from personal funds. Consequently, the $17,731.17 contributed by the candidate in his capacity as sole proprietor of Dynamic Realty, does not result in an excessive contribution.

Pursuant to 11 C.F.R. § 110.1(e)(1), a contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits, according to instructions which shall be provided by the partnership to the political committee or candidate. A contribution by a partnership shall not exceed the limitations on contributions, thus a partnership may give $1,000 to a candidate committee for each election in an election cycle, $1,000 for the primary and $1,000 for the general. Assuming each partner owns an equal share of Erringer, each partner could contribute $250 of the partnership's $1,000 to the Committee for each of the 1986 and 1988 elections, plus an additional $750 for each election in his or her individual capacity.

The first report of a debt ostensibly owed to Erringer came after the 1986 primary election. Because a review of the Committee's reports does not reveal how the rent was calculated nor when it was due, it appears that Erringer's contribution arising from the provision of free rental space was limited to the general election campaign of 1986 for which it could contribute only $1,000. The Committee's 1986 Year End Report indicated a debt of $1,875 owed to Erringer by the Committee.

Therefore, Erringer apparently made a $875 excessive contribution to the Committee for the 1986 general election campaign.

Each partner's share of the 1986 contribution equaled $469 toward the general election. The only other contributions listed by the Committee from the three individual partners besides Congressman Gallegly during this election cycle were a second contribution of $469 from each partner listed as in-kind contributions by each partner for a total of $938. Therefore, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer apparently did not make excessive contributions to the Committee during the 1986 election cycle.

The debt owed to Erringer for rent on office space increased by $12,000 during the 1988 election cycle. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report. Erringer was permitted to contribute only $1,000 per election. Therefore, Erringer apparently made a total of $10,000 in excessive contributions to the Committee during the 1988 election cycle, $5,000 for the primary and $5,000 for the general.

Each partner's share of the contribution made by Erringer was apparently $1,500 for the primary election and $1,500 for the general election. None of the reports filed with the Commission by the Committee listed any additional contributions from either Janice Gallegly or Marcie Schweitzer in 1987-88 but the 1988 Pre-General Election Report listed a $100 contribution from Mike

Schweitzer. Therefore, Janice Gallegly and Marcie Schweitzer apparently each made $1,000 in excessive contributions to the Committee during the 1988 election cycle and Mike Schweitzer made $1,100 in excessive contributions to the Committee during the 1988 election cycle. As discussed earlier, the fourth partner, Congressman Gallegly is free of statutory contribution limits. Again, as of July, 1989, only one payment of $4,500 has been made to Erringer by the Committee.

Accordingly, there is reason to believe that the Committee violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Erringer Professional Building, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 22, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Marcie Schweitzer
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

RE: MUR 3008
Marcie Schweitzer

Dear Mrs. Schweitzer:

The Federal Election Commission received an inquiry from Congressman Elton Gallegly on October 19, 1988, regarding outstanding debts. In order to resolve this matter, on November 14, 1989, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office, along with answers to the attached questions, within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or

recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. SS 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Sandra J. Dunham, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
  Factual and Legal Analysis
  Procedures
  Designation of Counsel Form
  Questions

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: **Marcie Schweitzer** **MUR** 3008

On March 12, 1986, Gallegly for Congress (the "Committee") sent the Commission a letter indicating it would like to list the cost of its office rental space and equipment as a debt on Schedule D. The Committee indicated it preferred this method because the rent for the office space and equipment was being paid by a company called Dynamic Realty, of which the candidate was the sole proprietor, to Erringer Professional Building ("Erringer"), of which the candidate and his wife were co-owners with another couple.1/ Later Congressman Elton Gallegly wrote to the Commission regarding the length of time the Committee had been carrying the debt. This latter inquiry has been addressed as a potential enforcement matter.

The following list is a chronology of the payment of rent for the campaign committee's office and office equipment:

REPORT	LISTING	PURPOSE	AMOUNT
1985 Mid-Year	In-Kind Contribution from E. Gallegly	Office space and business machines	$1,706.25
1985 Year End	In-Kind Contribution from E. Gallegly	Office space and business machines	$4,095.00

1/ The California Department of State - Corporations Division has no record of a corporation called Erringer Professional Building. Therefore, it appears that this entity is a partnership. The names of the four partners are Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Congressman Gallegly identified Dynamic Realty as a proprietorship.

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	Debt owed to E. Gallegly, dba Dynamic Realty	Office	$3,325.26
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	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$2,400.00
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	In-Kind Contribution from Marcie Schweitzer	Office space	$ 93.75
	In-Kind Contribution from Mike Schweitzer	Office space	$ 93.75

	In-Kind Contribution from E. Gallegly	Office space	$ 93.75
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$ 400.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 75.00
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	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 318.65
	Debt owed to Erringer Profes-sional Building	Rent	$1,125.00
1986 Year End	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$ 800.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 220.00
	Debt owed to Erringer Profes-sional Building	Rent	$ 750.00
1987 Mid-Year	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 870.00
	Debt owed to Erringer Profes-sional Building	Rent	$1,500.00
1987 Year-End	Debt owed to E. Gallegly	Office machines	$ 870.00
	Debt owed to Erringer Profes-sional Building	Rent	$1,500.00
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	Debt owed to Erringer Profes-sional Building	Rent	$2,250.00
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	Debt owed to Erringer Profes-sional Building	Rent	$ 750.00
1988 July Quarterly	Debt owed to E. Gallegly	Office machines	$ 192.80
	Debt owed to Erringer Profes-sional Building	Rent	$1,025.00
1988 October Quarterly	Debt owed to E. Gallegly	Office machines	$ 210.00
	Debt owed to Erringer Profes-sional Building	Rent	$2,250.00
1988 Pre-General	Debt owed to E. Gallegly	Office machines	$ 88.54
	Debt owed to Erringer Profes-sional Building	Rent	$ 475.00
1988 Post-General	Debt owed to E. Gallegly	Office machines	$ 270.48
	Debt owed to Erringer Profes-sional Building	Rent	$1,450.00
1988 Year-End	Debt owed to E. Gallegly	Office machines	$ 149.32
	Debt owed to Erringer Profes-sional Building	Rent	$ 800.00
1989 Mid-Year	Debt owed to E. Gallegly	Office machines	$ 840.00
	Debt owed to Erringer Profes-sional Building	Rent	$4,500.00

and payment of
same amount

2 U.S.C. § 431(8)(A) defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of person...." 11 C.F.R. § 100.7(a)(4) states that the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(f) states that no candidate or political committee shall knowingly accept any contributions in violation of the contribution limits set forth in section 441a.

The Committee has reported various debts (i.e., to consultants, transportation companies, etc.) since its inception in 1985. As of July 21, 1989, the Committee still owed money to the Congressman (dba Dynamic Realty), to his wife for mileage and to Erringer. On the same date, the Committee had $182,191 cash on hand. As shown above, the debts owed to Dynamic Realty began accumulating as of the 1986 April Quarterly reporting period and increased each successive reporting period until the 1986 Year End reporting period. The debts owed to Erringer began accumulating in the 1986 Post-General Election reporting period and increased each successive reporting period until the 1989 Mid-year reporting period. As stated above, the Committee has only paid $4,500 of its debts owed to Erringer and has paid Dynamic Realty only $176.08 for equipment rentals.

While it appears that the Committee has enough money to pay off all its debts owed to Dynamic Realty and Erringer, it has not done so. Additionally, no evidence is in hand indicating that Dynamic Realty and Erringer have made any commercially reasonable attempts to collect the debts owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer does not appear to have been an arms-length transaction. The rental value of the Committee headquarters therefore appears to have been in-kind contributions from both Dynamic Realty to the Committee and from Erringer to the Committee, not a business arrangement resulting in debts owed by the Committee.

Pursuant to 11 C.F.R. § 110.1(e)(1), a contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits, according to instructions which shall be provided by the partnership to the political committee or candidate. A contribution by a partnership shall not exceed the limitations on contributions, thus a partnership may give $1,000 to a candidate committee for each election in an election cycle,

$1,000 for the primary and $1,000 for the general. Assuming each partner owns an equal share of Erringer, each partner could contribute $250 of the partnership's $1,000 to the Committee for each of the 1986 and 1988 elections, plus an additional $750 for each election in his or her individual capacity.

The first report of a debt ostensibly owed to Erringer came after the 1986 primary election. Because a review of the Committee's reports does not reveal how the rent was calculated nor when it was due, it appears that Erringer's contribution arising from the provision of free rental space was limited to the general election campaign of 1986 for which it could contribute only $1,000. The Committee's 1986 Year End Report indicated a debt of $1,875 owed to Erringer by the Committee. Therefore, Erringer apparently made a $875 excessive contribution to the Committee for the 1986 general election campaign.

Each partner's share of the 1986 contribution equaled $469 toward the general election. The only other contributions listed by the Committee from the three individual partners besides Congressman Gallegly during this election cycle were a second contribution of $469 from each partner listed as in-kind contributions by each partner for a total of $938. Therefore, Marcie Schweitzer apparently did not make excessive contributions to the Committee during the 1986 election cycle.

The debt owed to Erringer for rent on office space increased by $12,000 during the 1988 election cycle. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report. Erringer was permitted to contribute only $1,000 per election. Therefore, Erringer apparently made a total of $10,000 in excessive contributions to the Committee during the 1988 election cycle, $5,000 for the primary and $5,000 for the general.

Each partner's share of the contribution made by Erringer was apparently $1,500 for the primary election and $1,500 for the general election. None of the reports filed with the Commission by the Committee listed any additional contributions from Marcie Schweitzer in 1987-88. Therefore, Marcie Schweitzer apparently made $1,000 in excessive contributions to the Committee during the 1988 election cycle.

Accordingly, there is reason to believe that Marcie Schweitzer violated 2 U.S.C. § 441a(a)(1)(A).

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 3008
	)	
	)	
	)	

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: **Marcie Schweitzer**
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondents in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies. The term document includes, but is not limited to contracts, notes, accounting statements and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

1. Please identify the status of the entity called Erringer Professional Building. If it is a partnership, please identify all of the partners and the percentage of the partnership which each partner holds.

2. Please produce copies of the official documents establishing the status of Erringer Professional Building, e.g., the partnership agreement.

3. Please state the monthly rent for Gallegly for Congress' campaign headquarters at 1791 Erringer Road, Simi Valley, CA.

4. Please explain how this amount for the monthly rent was calculated.

5. Please produce any written agreement between Erringer Professional Building and Gallegly for Congress.

6. Please produce documents disclosing the rents charged other tenants located in the building at 1791 Erringer Road, Simi Valley, CA. Please explain how each of these rents was calculated.

7. Please answer the following:
   (a) What are the payment requirements for the other tenants located in the building at 1791 Erringer Road, Simi Valley, CA?
   (a)(1) Are deposits required?
   (a)(2) Must the rent be paid on a regular schedule? If yes, what are the schedules?
   (b) Has any tenant ever been evicted for the nonpayment of rent?
   (c) Has credit ever been extended to the other tenants located at 1791 Erringer Road, Simi Valley, CA? If so, please explain the circumstances.

8. Please describe the efforts made by Erringer Professional Building to collect the debt owed by Gallegly for Congress? Please provide copies of all documents reflecting these requests.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 22, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mike Schweitzer
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

RE: MUR 3008
Mike Schweitzer

Dear Mr. Schweitzer:

The Federal Election Commission received an inquiry from Congressman Elton Gallegly on October 19, 1988, regarding outstanding debts. In order to resolve this matter, on November 14 , 1989, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office, along with answers to the attached questions, within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or

recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Sandra J. Dunham, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form
Questions

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Mike Schweitzer MUR 3008

On March 12, 1986, Gallegly for Congress (the "Committee") sent the Commission a letter indicating it would like to list the cost of its office rental space and equipment as a debt on Schedule D. The Committee indicated it preferred this method because the rent for the office space and equipment was being paid by a company called Dynamic Realty, of which the candidate was the sole proprietor, to Erringer Professional Building ("Erringer"), of which the candidate and his wife were co-owners with another couple.1/ Later Congressman Elton Gallegly wrote to the Commission regarding the length of time the Committee had been carrying the debt. This latter inquiry has been addressed as a potential enforcement matter.

The following list is a chronology of the payment of rent for the campaign committee's office and office equipment:

REPORT	LISTING	PURPOSE	AMOUNT
1985 Mid-Year	In-Kind Contribution from E. Gallegly	Office space and business machines	$1,706.25
1985 Year End	In-Kind Contribution from E. Gallegly	Office space and business machines	$4,095.00

1/ The California Department of State - Corporations Division has no record of a corporation called Erringer Professional Building. Therefore, it appears that this entity is a partnership. The names of the four partners are Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Congressman Gallegly identified Dynamic Realty as a proprietorship.

1986 April Quarterly	In-Kind Contribution from E. Gallegly	Business machines	$ 660.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$2,400.00
1986 Pre-Primary	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
1986 July Quarterly	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office	$3,325.26
1986 October Quarterly	In-Kind Contribution from E. Gallegly	Office space	$ 750.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$2,400.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 625.20
1986 Pre-General	In-Kind Contribution from J. Gallegly	Office space	$ 93.75
	In-Kind Contribution from Marcie Schweitzer	Office space	$ 93.75
	In-Kind Contribution from Mike Schweitzer	Office space	$ 93.75
	In-Kind Contribution	Office space	$ 93.75

	from E. Gallegly Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$ 400.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 75.00
1986 Post-General	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$1,200.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 318.65
	Debt owed to Erringer Professional Building	Rent	$1,125.00
1986 Year End	Debt owed to E. Gallegly, dba Dynamic Realty	Rent	$ 800.00
	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 220.00
	Debt owed to Erringer Professional Building	Rent	$ 750.00
1987 Mid-Year	Debt owed to E. Gallegly, dba Dynamic Realty	Office machines	$ 870.00
	Debt owed to Erringer Professional Building	Rent	$1,500.00
1987 Year-End	Debt owed to E. Gallegly	Office machines	$ 870.00
	Debt owed to Erringer Professional Building	Rent	$1,500.00
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	Debt owed to Erringer Professional Building	Rent	$2,250.00

1988 Pre-Primary	Debt owed to E. Gallegly	Office machines	$ 222.00
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	Debt owed to Erringer Professional Building	Rent	$ 475.00
1988 Post-General	Debt owed to E. Gallegly	Office machines	$ 270.48
	Debt owed to Erringer Professional Building	Rent	$1,450.00
1988 Year-End	Debt owed to E. Gallegly	Office machines	$ 149.32
	Debt owed to Erringer Professional Building	Rent	$ 800.00
1989 Mid-Year	Debt owed to E. Gallegly	Office machines	$ 840.00
	Debt owed to Erringer Professional Building and payment of same amount	Rent	$4,500.00

2 U.S.C. § 431(8)(A) defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of person...." 11 C.F.R. § 100.7(a)(4) states that the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(f) states that no candidate or political committee shall knowingly accept any contributions in violation of the contribution limits set forth in section 441a.

The Committee has reported various debts (i.e., to consultants, transportation companies, etc.) since its inception in 1985. As of July 21, 1989, the Committee still owed money to the Congressman (dba Dynamic Realty), to his wife for mileage and to Erringer. On the same date, the Committee had $182,191 cash on hand. As shown above, the debts owed to Dynamic Realty began accumulating as of the 1986 April Quarterly reporting period and increased each successive reporting period until the 1986 Year End reporting period. The debts owed to Erringer began accumulating in the 1986 Post-General Election reporting period and increased each successive reporting period until the 1989 Mid-year reporting period. As stated above, the Committee has only paid $4,500 of its debts owed to Erringer and has paid Dynamic Realty only $176.08 for equipment rentals.

While it appears that the Committee has enough money to pay off all its debts owed to Dynamic Realty and Erringer, it has not done so. Additionally, no evidence is in hand indicating that Dynamic Realty and Erringer have made any commercially reasonable attempts to collect the debts owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer does not appear to have been an arms-length transaction. The rental value of the Committee headquarters therefore appears to have been in-kind contributions from both Dynamic Realty to the Committee and from Erringer to the Committee, not a business arrangement resulting in debts owed by the Committee.

Pursuant to 11 C.F.R. § 110.1(e)(1), a contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits, according to instructions which shall be provided by the partnership to the political committee or candidate. A contribution by a partnership shall not exceed the limitations on contributions, thus a partnership may give $1,000 to a candidate committee for each election in an election cycle, $1,000 for the primary and $1,000 for the general. Assuming each partner owns an equal share of Erringer, each partner could contribute $250 of the partnership's $1,000 to the Committee for each of the 1986 and 1988 elections, plus an additional $750 for each election in his or her individual capacity.

The first report of a debt ostensibly owed to Erringer came after the 1986 primary election. Because a review of the Committee's reports does not reveal how the rent was calculated nor when it was due, it appears that Erringer's contribution arising from the provision of free rental space was limited to the general election campaign of 1986 for which it could contribute only $1,000. The Committee's 1986 Year End Report indicated a debt of $1,875 owed to Erringer by the Committee. Therefore, Erringer apparently made a $875 excessive contribution to the Committee for the 1986 general election campaign.

Each partner's share of the 1986 contribution equaled $469 toward the general election. The only other contributions listed by the Committee from the three individual partners besides Congressman Gallegly during this election cycle were a second contribution of $469 from each partner listed as in-kind contributions by each partner for a total of $938. Therefore, and Mike Schweitzer apparently did not make excessive contributions to the Committee during the 1986 election cycle.

The debt owed to Erringer for rent on office space increased by $12,000 during the 1988 election cycle. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report. Erringer was permitted to contribute only $1,000 per election. Therefore, Erringer apparently made a total of $10,000 in excessive contributions to the Committee during the 1988 election cycle, $5,000 for the primary and $5,000 for the general.

Each partner's share of the contribution made by Erringer was apparently $1,500 for the primary election and $1,500 for the general election. The 1988 Pre-General Election Report listed a $100 contribution from Mike Schweitzer. Therefore, Mike Schweitzer made $1,100 in excessive contributions to the Committee during the 1988 election cycle.

Accordingly, there is reason to believe that Mike Schweitzer violated 2 U.S.C. § 441a(a)(1)(A).

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 3008
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)
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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: **Mike Schweitzer**
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

MUR 3008
Mike Schweitzer
Page 2

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondents in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies. The term document includes, but is not limited to contracts, notes, accounting statements and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

1. Please identify the status of the entity called Erringer Professional Building. If it is a partnership, please identify all of the partners and the percentage of the partnership which each partner holds.

2. Please produce copies of the official documents establishing the status of Erringer Professional Building, e.g., the partnership agreement.

3. Please state the monthly rent for Gallegly for Congress' campaign headquarters at 1791 Erringer Road, Simi Valley, CA.

4. Please explain how this amount for the monthly rent was calculated.

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8. Please describe the efforts made by Erringer Professional Building to collect the debt owed by Gallegly for Congress? Please provide copies of all documents reflecting these requests.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 22, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Janice Gallegly
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

RE: MUR 3008
Janice Gallegly

Dear Mrs. Gallegly:

The Federal Election Commission received an inquiry from Congressman Elton Gallegly on October 19, 1988, regarding outstanding debts. In order to resolve this matter, on November 14 , 1989, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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Janice Gallegly
Page 2

recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Sandra J. Dunham, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald
Chairman

Enclosures
- Factual and Legal Analysis
- Procedures
- Designation of Counsel Form
- Questions

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Janice Gallegly MUR 3008

On March 12, 1986, Gallegly for Congress (the "Committee") sent the Commission a letter indicating it would like to list the cost of its office rental space and equipment as a debt on Schedule D. The Committee indicated it preferred this method because the rent for the office space and equipment was being paid by a company called Dynamic Realty, of which the candidate was the sole proprietor, to Erringer Professional Building ("Erringer"), of which the candidate and his wife were co-owners with another couple.1/ Later Congressman Elton Gallegly wrote to the Commission regarding the length of time the Committee had been carrying the debt. This latter inquiry has been addressed as a potential enforcement matter.

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Debt owed to Erringer Profes-sional Building and payment of same amount	Rent	$4,500.00

2 U.S.C. § 431(8)(A) defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of person...." 11 C.F.R. § 100.7(a)(4) states that the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt.

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The Committee has reported various debts (i.e., to consultants, transportation companies, etc.) since its inception in 1985. As of July 21, 1989, the Committee still owed money to the Congressman (dba Dynamic Realty), to his wife for mileage and to Erringer. On the same date, the Committee had $182,191 cash on hand. As shown above, the debts owed to Dynamic Realty began accumulating as of the 1986 April Quarterly reporting period and increased each successive reporting period until the 1986 Year End reporting period. The debts owed to Erringer began accumulating in the 1986 Post-General Election reporting period and increased each successive reporting period until the 1989 Mid-year reporting period. As stated above, the Committee has only paid $4,500 of its debts owed to Erringer and has paid Dynamic Realty only $176.08 for equipment rentals.

While it appears that the Committee has enough money to pay off all its debts owed to Dynamic Realty and Erringer, it has not done so. Additionally, no evidence is in hand indicating that Dynamic Realty and Erringer have made any commercially reasonable attempts to collect the debts owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer does not appear to have been an arms-length transaction. The rental value of the Committee headquarters therefore appears to have been in-kind contributions from both Dynamic Realty to the Committee and from Erringer to the Committee, not a business arrangement resulting in debts owed by the Committee.

Pursuant to 11 C.F.R. § 110.1(e)(1), a contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits, according to instructions which shall be provided by the partnership to the political committee or candidate. A contribution by a partnership shall not exceed the limitations on contributions, thus a partnership may give $1,000 to a candidate committee for each election in an election cycle, $1,000 for the primary and $1,000 for the general. Assuming each partner owns an equal share of Erringer, each partner could contribute $250 of the partnership's $1,000 to the Committee for each of the 1986 and 1988 elections, plus an additional $750 for each election in his or her individual capacity.

The first report of a debt ostensibly owed to Erringer came after the 1986 primary election. Because a review of the Committee's reports does not reveal how the rent was calculated nor when it was due, it appears that Erringer's contribution arising from the provision of free rental space was limited to the general election campaign of 1986 for which it could contribute only $1,000. The Committee's 1986 Year End Report indicated a debt of $1,875 owed to Erringer by the Committee. Therefore, Erringer apparently made a $875 excessive contribution to the Committee for the 1986 general election campaign.

Each partner's share of the 1986 contribution equaled $469 toward the general election. The only other contributions listed by the Committee from the three individual partners besides Congressman Gallegly during this election cycle were a second contribution of $469 from each partner listed as in-kind contributions by each partner for a total of $938. Therefore, Janice Gallegly apparently did not make excessive contributions to the Committee during the 1986 election cycle.

The debt owed to Erringer for rent on office space increased by $12,000 during the 1988 election cycle. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election

Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report. Erringer was permitted to contribute only $1,000 per election. Therefore, Erringer apparently made a total of $10,000 in excessive contributions to the Committee during the 1988 election cycle, $5,000 for the primary and $5,000 for the general.

Each partner's share of the contribution made by Erringer was apparently $1,500 for the primary election and $1,500 for the general election. None of the reports filed with the Commission by the Committee listed any additional contributions from Janice Gallegly in 1987-88. Therefore, Janice Gallegly apparently made $1,000 in excessive contributions to the Committee during the 1988 election cycle.

Accordingly, there is reason to believe that Janice Gallegly violated 2 U.S.C. § 441a(a)(1)(A).

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	MUR 3008
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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Janice Gallegly
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

MUR 3008
Janice Gallegly
Page 2

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondents in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies. The term document includes, but is not limited to contracts, notes, accounting statements and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

1. Please identify the status of the entity called Erringer Professional Building. If it is a partnership, please identify all of the partners and the percentage of the partnership which each partner holds.

2. Please produce copies of the official documents establishing the status of Erringer Professional Building, e.g., the partnership agreement.

3. Please state the monthly rent for Gallegly for Congress' campaign headquarters at 1791 Erringer Road, Simi Valley, CA.

4. Please explain how this amount for the monthly rent was calculated.

5. Please produce any written agreement between Erringer Professional Building and Gallegly for Congress.

6. Please produce documents disclosing the rents charged other tenants located in the building at 1791 Erringer Road, Simi Valley, CA. Please explain how each of these rents was calculated.

7. Please answer the following:
   (a) What are the payment requirements for the other tenants located in the building at 1791 Erringer Road, Simi Valley, CA?
   (a)(1) Are deposits required?
   (a)(2) Must the rent be paid on a regular schedule? If yes, what are the schedules?
   (b) Has any tenant ever been evicted for the nonpayment of rent?
   (c) Has credit ever been extended to the other tenants located at 1791 Erringer Road, Simi Valley, CA? If so, please explain the circumstances.

8. Please describe the efforts made by Erringer Professional Building to collect the debt owed by Gallegly for Congress? Please provide copies of all documents reflecting these requests.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 DEC -8 AM 11:37

GCC #4794

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN W. BARAN
(202) 429-7330

TELECOPIER
(202) 429-7049
TELEX 248349 WYRN UR

December 7, 1989

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

ATTN: Sandra J. Dunham

Re: MUR 3008 (Gallegly for Congress and D. Frank Norton, Jr., as Treasurer; Janice Gallegly; Marcie Schweitzer; Mike Schweitzer)

Dear Mr. Noble:

This office has just been retained to represent the Gallegly for Congress Committee and D. Frank Norton, Jr., as Treasurer; Janice Gallegly; Marcie Schweitzer; and Mike Schweitzer, Respondents in Matter Under Review ("MUR") 3008. Executed statements of Designation of counsel from each Respondent are attached hereto. This office is not entering an appearance on behalf of the Erringer Professional Building at this time because "Erringer Professional Building" is the name of a building owned by the individuals who are Respondents in this matter.

Respondents received Chairman McDonald's letter dated November 22, 1989 notifying them of reason to believe findings against them, and including Interrogatories and Requests for documents, after the Thanksgiving holiday. In order to fully confer with our clients and to obtain whatever information and documentation which may prove necessary, Respondents respectfully request a twenty-one day extension of time to and including January 2, 1989 to respond to this matter.

Mr. Lawrence M. Noble
December 7, 1989
Page 2

Your favorable consideration of this request will be appreciated.

Sincerely,

Jan W. Baran

cc: D. Frank Norton, Jr.
Janice Gallegly
Marcie Schweitzer
Mike Schweitzer

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3008

NAME OF COUNSEL: Jan W. Baran

ADDRESS: Wiley, Rein & Fielding
1776 K St., N.W.
Washington, D.C. 20006

TELEPHONE: 429-7330

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

11/30/89
Date

D. Frank Norton
Signature
D. Frank Norton

Gallegly for Congress and
D. Frank Norton, Jr. as Treasurer

RESPONDENT'S NAME: D. Frank Norton

ADDRESS: 25523 Via Brava
Valencia, Ca 91355

HOME PHONE: (805) 259-4988

BUSINESS PHONE: (805) 259 3770

91040330232

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3008

NAME OF COUNSEL: Jan W. Baran

ADDRESS: Wiley, Rein & Fielding
1776 K St., N.W.
Washington, D.C. 20006

TELEPHONE: 429-7330

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

11-28-89
Date

Janice Gallegly
Signature

RESPONDENT'S NAME: Janice Gallegly

ADDRESS: 1791 Erringer Road
Simi Valley, CA 93065

HOME PHONE: 805-526-4356

BUSINESS PHONE: 805-522-4487

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3008

NAME OF COUNSEL: Jan W. Baran

ADDRESS: Wiley, Rein & Fielding
1776 K St., N.W.
Washington, D.C. 20006

TELEPHONE: 429-7330

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

12/6/89
Date

Signature Mike Schweitzer

RESPONDENT'S NAME: Mike Schweitzer

ADDRESS:

HOME PHONE:

BUSINESS PHONE:

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3008

NAME OF COUNSEL: Jan W. Baran

ADDRESS: Wiley, Rein & Fielding
1776 K St., N.W.
Washington, D.C. 20006

TELEPHONE: 429-7330

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

12-1-89
Date

Signature

RESPONDENT'S NAME: Marcie Schweitzer

ADDRESS:

HOME PHONE:

BUSINESS PHONE:

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 14, 1989

Jan Baran, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 3008
Gallegly for Congress and D. Frank Norton, Jr., as treasurer; Janice Gallegly; Marcie Schweitzer; and Mike Schweitzer

Dear Mr. Baran:

This is in response to your letter dated December 7, 1989, which we received on December 11, requesting an extension of 21 days to respond to the Commission's reason to believe finding. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on January 3, 1990.

If you have any questions, please contact Sandra J. Dunham, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

91040330236

OGC 5020

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN W. BARAN
(202) 429-7330

TELECOPIER
(202) 429-7049
TELEX 248349 WYRN UR

January 2, 1990

Lawrence M. Noble, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Sandra J. Dunham

Re: MUR 3008

Dear Mr. Noble:

The enclosed responses are submitted on behalf of Janice Gallegly, Marcie Schweitzer, and Mike Schweitzer ("Respondents") in reply to the interrogatories and request for documents issued by the Federal Election Commission (the "Commission") to the Respondents on November 22, 1989.

Enclosed are the sworn answers to these interrogatories and requests, along with their corresponding Exhibits.

Sincerely,

Jan W. Baran

Enclosures
cc: Janice Gallegly
Marcie Schweitzer
Mike Schweitzer

RESPONSE OF MIKE SCHWEITZER
TO THE INTERROGATORIES OF
THE FEDERAL ELECTION COMMISSION IN
MUR 3008

INTERROGATORIES

Question 1

1. Please identify the status of the entity called Erringer Professional Building. If it is a partnership, please identify all of the partners and the percentage of the partnership which each partner holds.

Response

The Erringer Professional Building is a building owned jointly by Elton W. Gallegly and Janice L. Gallegly, husband and wife, as community property, as to an undivided one-half interest, and M. Schweitzer and Marcie K. Schweitzer, husband and wife, as community property, as to an undivided one-half interest. See Grant Deed attached hereto at Exhibit 1.

Question 2

2. Please produce copies of the official documents establishing the status of Erringer Professional Building, e.g., the partnership agreement.

Response

There is no partnership agreement with respect to the joint ownership of this building, nor am I in possession of any official documents regarding joint ownership of this building.

Question 3

3. Please state the monthly rent for Gallegly for Congress' campaign headquarters at 1791 Erringer Road, Simi Valley, CA.

Response

Janice Gallegly, who has been granted authority to run the Erringer Professional Building, can provide specific details with regard to the rent for Gallegly for Congress' campaign headquarters.

Question 4

4. Please explain how this amount for the monthly rent was calculated.

Response

Again, Janice Gallegly can provide specific details with regard to how the monthly rent for Gallegly for Congress was calculated.

Question 5

5. Please produce any written agreement between Erringer Professional Building and Gallegly for Congress.

Response

No written agreement exists between Erringer Professional Building and Gallegly for Congress.

Question 6

6. Please produce documents disclosing the rents charged other tenants located in the building at 1791 Erringer Road, Simi Valley, CA. Please explain how each of these rents was calculated.

<u>Response</u>

I am not in possession of any such documents. Janice Gallegly, who has been granted authority to run the Erringer Professional Building, can provide specific details with regard to how the rent is calculated for each tenant.

<u>Question 7</u>

7. Please answer the following:

(a) What the payment requirements for the other tenants located in the building at 1791 Erringer Road, Simi Valley, CA?

(a)(1) Are deposits required?

(a)(2) Must the rent be paid on a regular schedule? If yes, what are the schedules?

(b) Has any tenant ever been evicted for the nonpayment of rent?

(c) Has credit ever been extended to the other tenants located at 1791 Erringer Road, Simi Valley, CA? If so, please explain the circumstances.

<u>Response</u>

Again, Janice Gallegly can provide specific details with regard to the above questions.

<u>Question 8</u>

8. Please describe the efforts made by Erringer Professional Building to collect the debt owed by Gallegly for Congress? Please provide copies of all documents reflecting these requests.

<u>Response</u>

I do not know whether the Erringer Professional Building has made any effort to collect the debt owed by the Gallegly for Congress Committee.

The above statements are true to the best of my knowledge and belief.

Mike Schweitzer

Simi Valley, California

Subscribed to and sworn before me this 22nd day of December, 1989.

Notary Public

My Commission Expires: 2-13-90

OFFICIAL SEAL
JUDITH HULL
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
VENTURA COUNTY
My Commission Expires Feb. 13, 1990

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED AND UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO

NAME
STREET ADDRESS
CITY, STATE ZIP

M. Schweitzer et al
c/o TECO Escrow Co
4220 Los Angeles Avenue 101
Simi Valley, California
93063

TITLE ORDER NO ______ ESCROW NO ______

64159 BOOK 4635 PAGE 398

RECORDED AT REQUEST OF
Teco Escrow Co.
AT 30 MIN. PAST 9 A. M.
OFFICIAL RECORDS VENTURA COUNTY
JUL 23 1976
RECORDER

COMPARED

FEE $4 2

AP# 632-0-050-175

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s)
DOCUMENTARY TRANSFER TAX is $ NIL
☐ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
ELTON W. GALLEGLY AND JANICE L. GALLEGLY, husband and wife, as to an undivided 1/3 interest, M. SCHWEITZER AND MARCIE K. SCHWEITZER, husband and wife, as to an undivided 1/3 interest, and DOUGLAS A. LEMING AND CAROLE LEMING, as to an undivided 1/3 interest
hereby GRANT(S) to
ELTON W. GALLEGLY AND JANICE L. GALLEGLY, HUSBAND AND WIFE, as community property, as to an undivided one-half interest, and M. SCHWEITZER AND MARCIE K. SCHWEITZER, HUSBAND AND WIFE, as community property, as to an undivided one-half interest.
the following described real property in the City of Simi Valley
County of Ventura, State of California:

as per full legal description attached to the reverse hereof and marked Exhibit "A".

Dated July 19th, 1976

STATE OF CALIFORNIA
COUNTY OF Ventura } SS.
On July 19th, 1976 before me, the undersigned, a Notary Public in and for said State, personally appeared
Elton W. Gallegly & Janice L. Gallegly
M. Schweitzer & Marcie K. Schweitzer
Douglas A. Leming & Carole Leming
known to me to be the person s whose name s are subscribed to the within instrument and acknowledged that they executed the same.
WITNESS my hand and official seal.

Signature Michal E. Primo

ELTON W. GALLEGLY

JANICE L. GALLEGLY

M. SCHWEITZER

MARCIE K. SCHWEITZER

DOUGLAS A. LEMING

CAROLE LEMING

(This area for official notarial seal)

OFFICIAL SEAL
MICHAL E. PRIMO
NOTARY PUBLIC - CALIFORNIA
VENTURA COUNTY
My comm. expires DEC 14, 1979

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

Those portions of Lots 36 and 37, California Mutual Benefit Colony of Chicago's Subdivision, in the County of Ventura, State of California, as per map recorded in Book 3, Page 19, of Maps, in the Office of the County Recorder of said county, described as follows:

Beginning at the intersection of the center line of Patricia Avenue, 50 feet wide, with the center line of Erringer Road, 60 feet wide, as said avenue and road are shown on licensed Surveyor's map, recorded in Book 11, Page 87 of Records of Survey, thence along the center line of said Erringer Road,

1st: - South 0° 00' 30" east 190 feet to the intersection with the easterly prolongation of the northerly line of Parcel 39, as shown on said licensed surveyor's map; thence along said easterly prolongation and said northerly line,

2nd: - West 130 feet; thence parallel with the center line of said Erringer Road,

3rd: - North 0° 00' 30" west 190 feet to the center line of said Patricial Avenue, thence along said last mentioned center line.

4th: - East 130 feet to the point of beginning.

Except one-tenth of the total (gross) oil, gas or other kindred substances or other minerals extracted from said premises as reserved in the deed dated January 18, 1929 from Ventura Land and Water Company, a corporation, recorded in Book 239 Page 493 of Official Records.

Also except an undivided one-half interest in and to a nine-tenths part of the total (gross) oil, gas or other kindred substances or other minerals in, upon or underlying said real property or hereafter extracted therefrom, as reserved in the Deed from Pacific States Savings and Loan Company, recorded July 10, 1947, in Book 789, Page 376 of Official Records.

Subject to the covenants, conditions, restrictions, reservations, encumbrances and easements now of record.

This grant and conveyance is made on the condition that said premises shall not be used for the sale and distribution of petroleum products to the public, except petroleum products being sold or distributed under a registered trademark, trade name or brand owned by the Grantor, for a period of ten (10) years from the date hereof. For any violation of this condition, said premises shall be forfeited and revert to the said Grantor, its assigns and legal representatives, each of whom shall have the right of immediate reentry upon said premises.

EXHIBIT "A"

21040330243

RESPONSE OF MARCIE SCHWEITZER
TO THE INTERROGATORIES OF
THE FEDERAL ELECTION COMMISSION IN
MUR 3008

<u>INTERROGATORIES</u>

<u>Question 1</u>

1. Please identify the status of the entity called Erringer Professional Building. If it is a partnership, please identify all of the partners and the percentage of the partnership which each partner holds.

<u>Response</u>

The Erringer Professional Building is a building owned jointly by Elton W. Gallegly and Janice L. Gallegly, husband and wife, as community property, as to an undivided one-half interest, and M. Schweitzer and Marcie K. Schweitzer, husband and wife, as community property, as to an undivided one-half interest. <u>See</u> Grant Deed attached hereto at Exhibit 1.

<u>Question 2</u>

2. Please produce copies of the official documents establishing the status of Erringer Professional Building, e.g., the partnership agreement.

<u>Response</u>

There is no partnership agreement with respect to the joint ownership of this building, nor am I in possession of any official documents regarding joint ownership of this building.

<u>Question 3</u>

3. Please state the monthly rent for Gallegly for Congress' campaign headquarters at 1791 Erringer Road, Simi Valley, CA.

<u>Response</u>

Janice Gallegly, who has been granted authority to run the Erringer Professional Building, can provide specific details with regard to the rent for Gallegly for Congress' campaign headquarters.

<u>Question 4</u>

4. Please explain how this amount for the monthly rent was calculated.

<u>Response</u>

Again, Janice Gallegly can provide specific details with regard to how the monthly rent for Gallegly for Congress was calculated.

<u>Question 5</u>

5. Please produce any written agreement between Erringer Professional Building and Gallegly for Congress.

<u>Response</u>

No written agreement exists between Erringer Professional Building and Gallegly for Congress.

<u>Question 6</u>

6. Please produce documents disclosing the rents charged other tenants located in the building at 1791 Erringer Road, Simi Valley, CA. Please explain how each of these rents was calculated.

Response

I am not in possession of any such documents. Janice Gallegly, who has been granted authority to run the Erringer Professional Building, can provide specific details with regard to how the rent is calculated for each tenant.

Question 7

7. Please answer the following:

(a) What the payment requirements for the other tenants located in the building at 1791 Erringer Road, Simi Valley, CA?

(a)(1) Are deposits required?

(a)(2) Must the rent be paid on a regular schedule? If yes, what are the schedules?

(b) Has any tenant ever been evicted for the nonpayment of rent?

(c) Has credit ever been extended to the other tenants located at 1791 Erringer Road, Simi Valley, CA? If so, please explain the circumstances.

Response

Again, Janice Gallegly can provide specific details with regard to the above questions.

Question 8

8. Please describe the efforts made by Erringer Professional Building to collect the debt owed by Gallegly for Congress? Please provide copies of all documents reflecting these requests.

Response

I do not know whether the Erringer Professional Building has made any effort to collect the debt owed by the Gallegly for Congress Committee.

The above statements are true to the best of my knowledge and belief.

Marcie Schweitzer

Simi Valley, California

Subscribed to and sworn before me this 27th day of December, 1989.

Notary Public

My Commission Expires: 10/2/93

OFFICIAL SEAL
E.R. LaBEGA
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires Oct. 2 1993

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO

NAME M. Schweitzer et al
STREET ADDRESS c/o TECO Escrow Co
4220 Los Angeles Avenue 101
CITY, STATE ZIP Simi Valley, California
93063

TITLE ORDER NO ______ ESCROW NO ______

64159 BOOK 4635 PAGE 398

RECORDED AT REQUEST OF
Teco Escrow Co.
AT 30 MIN. PAST 9 A. M.
OFFICIAL RECORDS VENTURA COUNTY
JUL 23 1976
Robert K. Hamm RECORDER

FEE $4 2

COMPARED

AP# 632-0-050-175

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s)
DOCUMENTARY TRANSFER TAX is $ NIL
☐ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
ELTON W. GALLEGLY AND JANICE L. GALLEGLY, husband and wife, as to an undivided 1/3 interest, M. SCHWEITZER AND MARCIE K. SCHWEITZER, husband and wife, as to an undivided 1/3 interest, and DOUGLAS A. LEMING AND CAROLE LEMING, as to an undivided 1/3 interest
hereby GRANT(S) to
ELTON W. GALLEGLY AND JANICE L. GALLEGLY, HUSBAND AND WIFE, as community property, as to an undivided one-half interest, and M. SCHWEITZER AND MARCIE K. SCHWEITZER, HUSBAND AND WIFE, as community property, as to an undivided one-half interest.
the following described real property in the City of Simi Valley
County of Ventura, State of California:

as per full legal description attached to the reverse hereof and marked Exhibit "A".

Dated July 19th, 1976

STATE OF CALIFORNIA
COUNTY OF Ventura } ss.
On July 19th, 1976 before me, the undersigned, a Notary Public in and for said State, personally appeared Elton W. Gallegly & Janice L. Gallegly
M. Schweitzer & Marcie K. Schweitzer
Douglas A. Leming & Carole Leming
______, known to me to be the person s whose name s are subscribed to the within instrument and acknowledged that they executed the same.
WITNESS my hand and official seal.

Signature Michal E. Primo

Elton W. Gallegly
ELTON W. GALLEGLY

Janice L. Gallegly
JANICE L. GALLEGLY

M. SCHWEITZER

Marcie K. Schweitzer
MARCIE K. SCHWEITZER

DOUGLAS A. LEMING

Carole Leming
CAROLE LEMING

(This area for official notarial seal)

OFFICIAL SEAL
MICHAL E. PRIMO
NOTARY PUBLIC - CALIFORNIA
VENTURA COUNTY
My comm. expires DEC 14, 1979

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

Those portions of Lots 36 and 37, California Mutual Benefit Colony of Chicago's Subdivision, in the County of Ventura, State of California, as per map recorded in Book 3, Page 19, of Maps, in the Office of the County Recorder of said county, described as follows:

Beginning at the intersection of the center line of Patricia Avenue, 50 feet wide, with the center line of Erringer Road, 60 feet wide, as said avenue and road are shown on licensed Surveyor's map, recorded in Book 11, Page 87 of Records of Survey, thence along the center line of said Erringer Road,

1st: - South 0° 00' 30" east 190 feet to the intersection with the easterly prolongation of the northerly line of Parcel 39, as shown on said licensed surveyor's map; thence along said easterly prolongation and said northerly line,

2nd: - West 130 feet; thence parallel with the center line of said Erringer Road,

3rd: - North 0° 00' 30" west 190 feet to the center line of said Patricial Avenue, thence along said last mentioned center line.

4th: - East 130 feet to the point of beginning.

Except one-tenth of the total (gross) oil, gas or other kindred substances or other minerals extracted from said premises as reserved in the deed dated January 18, 1929 from Ventura Land and Water Company, a corporation, recorded in Book 239 Page 493 of Official Records.

Also except an undivided one-half interest in and to a nine-tenths part of the total (gross) oil, gas or other kindred substances or other minerals in, upon or underlying said real property or hereafter extracted therefrom, as reserved in the Deed from Pacific States Savings and Loan Company, recorded July 10, 1947, in Book 789, Page 376 of Official Records.

Subject to the covenants, conditions, restrictions, reservations, encumbrances and easements now of record.

This grant and conveyance is made on the condition that said premises shall not be used for the sale and distribution of petroleum products to the public, except petroleum products being sold or distributed under a registered trademark, trade name or brand owned by the Grantor, for a period of ten (10) years from the date hereof. For any violation of this condition, said premises shall be forfeited and revert to the said Grantor, its assigns and legal representatives, each of whom shall have the right of immediate reentry upon said premises.

RESPONSE OF JANICE GALLEGLY
TO THE INTERROGATORIES OF
THE FEDERAL ELECTION COMMISSION IN
MUR 3008

INTERROGATORIES

Question 1

1. **Please identify the status of the entity called Erringer Professional Building. If it is a partnership, please identify all of the partners and the percentage of the partnership which each partner holds.**

Response

The Erringer Professional Building is a building owned jointly by Elton W. Gallegly and Janice L. Gallegly, husband and wife, as community property, as to an undivided one-half interest, and M. Schweitzer and Marcie K. Schweitzer, husband and wife, as community property, as to an undivided one-half interest. See Grant Deed attached hereto at Exhibit 1.

Question 2

2. Please produce copies of the official documents establishing the status of Erringer Professional Building, e.g., the partnership agreement.

Response

See Grant Deed attached hereto at Exhibit 1. There is no partnership agreement with respect to the joint ownership of this building.

Question 3

3. Please state the monthly rent for Gallegly for Congress' campaign headquarters at 1791 Erringer Road, Simi Valley, CA.

Response

At present the monthly rent for Gallegly for Congress' campaign headquarters is $750 per month. The rental fee is based on the amount of office space which the Gallegly for Congress Committee ("Committee") occupies in the Erringer Professional Building. Accordingly, the Committee was charged $750 per month from 10-15-86 to 12-31-86 when it occupied approximately 750 square feet of office space. The Committee was charged $250 per month from 1-1-87 to 12-31-87 when it occupied 250 square feet of office space. Since 1-1-88, the Committee has occupied 750 square feet of space and has been charged $750 per month in rent.

Question 4

4. Please explain how this amount for the monthly rent was calculated.

Response

See response to Question 3 above. The amount of rent charged the Committee is consistent with the rent charged other tenants in the building for similar square footage at the time the campaign took possession of the office space.

Question 5

5. Please produce any written agreement between Erringer Professional Building and Gallegly for Congress.

Response

No written agreement exists between Erringer Professional Building and Gallegly for Congress. Further, as evidenced in Exhibit 2, all leases which do exist are between Elton W. Gallegly and Janice L. Gallegly and M. Schweitzer and Marcie K. Schweitzer, and the tenant.

Question 6

6. Please produce documents disclosing the rents charged other tenants located in the building at 1791 Erringer Road, Simi Valley, CA. Please explain how each of these rents was calculated.

Response

Attached are the leases for each of the current tenants in the Erringer Professional Building. As stated above, rent is based on the square footage of the office space occupied.

At present, there are three tenants in the building in addition to the Gallegly for Congress Campaign. They are:

1) John H. Leming & Sons: John H. Leming and Sons currently occupies the entire first floor of the Erringer Professional Building. The two suites on the first floor (101 and 102) consist of between 2500 and 3000 square feet of office space. This tenant was paying $1900 in rent from April, 1987 until April, 1989 at which point the rent was raised to $2014. However, because this is a family oriented building, the increased rent went unpaid for several months. Thus, John H. Leming & Sons made up the difference in rent in one lump sum payment, and has been paying $2014 for approximately four months.

2) Robert O. Huber: Robert O. Huber occupies suites 201 and 202 which consist of approximately 1500 square feet

of office space. From April 1, 1986 through April 1, 1988, Mr. Huber was paying $1500 in rent. Pursuant to the lease, Mr. Huber's rent is currently $1653.

3) Robert C. Landegger: Mr. Landegger occupies suite 203 which consist of approximately 750 square feet, the same size as the suite occupied by the Gallegly for Congress Campaign, and pays $750 per month in rent.

Question 7

7. Please answer the following:

(a) What are the payment requirements for the other tenants located in the building at 1791 Erringer Road, Simi Valley, CA?

(a)(1) Are deposits required?
(a)(2) Must the rent be paid on a regular schedule? If yes, what are the schedules?
(b) Has any tenant ever been evicted for the nonpayment of rent?
(c) Has credit ever been extended to the other tenants located at 1791 Erringer Road, Simi Valley, CA? If so, please explain the circumstances.

Response

(a) Please see leases attached hereto at Exhibit 2. To supplement the leases, I want to explain that I run the Erringer Professional Building informally. I rely on the tenants to tender payments when they are due, and wait for their payments in the ordinary course of business. As noted above, this is a family oriented building, and I have a good relationship with each one of the tenants.

(a)(1) Only the most recent tenant, Robert Landegger, who moved into the building as of December 15, 1988 has a last month rent of $750 on deposit. No other tenant has provided or been required to provide either a security deposit or a first or last months rent deposit.

(a)(2) See leases attached hereto at Exhibit 2. If rent has not been paid by a tenant in a timely manner, I rely on the tenant to correct the situation. I have never pursued a tenant for past due rent.

(b) No tenant has ever been evicted for nonpayment of rent.

(c) Credit was extended to Robert O. Huber when he moved into the building in 1982. Under the terms of the agreement, Mr. Huber was extended credit for the entire course of his one year lease. As can be seen from his lease, the monthly rent was $575 which was not paid in its entirety until December, 1982.

<u>Question 8</u>

8. Please describe the efforts made by Erringer Professional Building to collect the debt owed by Gallegly for Congress? Please provide copies of all documents reflecting these requests.

<u>Response</u>

Congressman Gallegly and his campaign committee sought the Commission's advice with regard to this situation on March 12, 1986 and October 19, 1988. Congresman Gallegly was informed by letter dated June 21, 1989 that he need take no action on this matter until he heard from the Commission. <u>See</u> Exhibit 3.

The above statements are true to the best of my knowledge and belief.

Janice Gallegly

Simi Valley, California

Subscribed to and sworn before me this 27th day of December, 1989.

Notary Public

My Commission Expires: 9-27-91

OFFICIAL SEAL
GLENNA LEHMAN
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
VENTURA COUNTY
My Commission Expires Sept. 27, 1991

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO

NAME
M. Schweitzer et al
STREET ADDRESS
c/o TECO Escrow Co
4220 Los Angeles Avenue 101
CITY STATE ZIP
Simi Valley, California
93063

TITLE ORDER NO ______ ESCROW NO ______

64159 BOOK 4635 PAGE 398

RECORDED AT REQUEST OF
Teco Escrow Co.
AT 30 MIN. PAST 9 A. M.
OFFICIAL RECORDS VENTURA COUNTY
JUL 23 1976
Robert K. Hamm RECORDER

FEE $4 2

COMPARED

AP# 632-0-050-175

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s)
DOCUMENTARY TRANSFER TAX is $ NIL
☐ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
ELTON W. GALLEGLY AND JANICE L. GALLEGLY, husband and wife, as to an undivided 1/3 interest, M. SCHWEITZER AND MARCIE K. SCHWEITZER, husband and wife, as to an undivided 1/3 interest, and DOUGLAS A. LEMING AND CAROLE LEMING, as to an undivided 1/3 interest
hereby GRANT(S) to
ELTON W. GALLEGLY AND JANICE L. GALLEGLY, HUSBAND AND WIFE, as community property, as to an undivided one-half interest, and M. SCHWEITZER AND MARCIE K. SCHWEITZER, HUSBAND AND WIFE, as community property, as to an undivided one-half interest.
the following described real property in the City of Simi Valley
County of Ventura, State of California:

as per full legal description attached to the reverse hereof and marked Exhibit "A".

Dated July 19th, 1976

Elton W. Gallegly
ELTON W. GALLEGLY
Janice L. Gallegly
JANICE L. GALLEGLY
M. SCHWEITZER
Marcie K. Schweitzer
MARCIE K. SCHWEITZER
DOUGLAS A. LEMING
Carole Leming
CAROLE LEMING

STATE OF CALIFORNIA
COUNTY OF Ventura } SS.
On July 19th, 1976 before me, the undersigned, a Notary Public in and for said State, personally appeared
Elton W. Gallegly & Janice L. Gallegly
M. Schweitzer & Marcie K. Schweitzer
Douglas A. Leming & Carole Leming
known to me to be the person s whose name s are subscribed to the within instrument and acknowledged that they executed the same.
WITNESS my hand and official seal.

Signature Michal E. Primo

(This area for official notarial seal)

OFFICIAL SEAL
MICHAL E. PRIMO
NOTARY PUBLIC - CALIFORNIA
VENTURA COUNTY
My comm. expires DEC 14, 1979

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

Those portions of Lots 36 and 37, California Mutual Benefit Colony of Chicago's Subdivision, in the County of Ventura, State of California, as per map recorded in Book 3, Page 19, of Maps, in the Office of the County Recorder of said county, described as follows:

Beginning at the intersection of the center line of Patricia Avenue, 50 feet wide, with the center line of Erringer Road, 60 feet wide, as said avenue and road are shown on licensed Surveyor's map, recorded in Book 11, Page 87 of Records of Survey, thence along the center line of said Erringer Road,

1st: - South 0° 00' 30" east 190 feet to the intersection with the easterly prolongation of the northerly line of Parcel 39, as shown on said licensed surveyor's map; thence along said easterly prolongation and said northerly line,

2nd: - West 130 feet; thence parallel with the center line of said Erringer Road,

3rd: - North 0° 00' 30" west 190 feet to the center line of said Patricial Avenue, thence along said last mentioned center line.

4th: - East 130 feet to the point of beginning.

Except one-tenth of the total (gross) oil, gas or other kindred substances or other minerals extracted from said premises as reserved in the deed dated January 18, 1929 from Ventura Land and Water Company, a corporation, recorded in Book 239 Page 493 of Official Records.

Also except an undivided one-half interest in and to a nine-tenths part of the total (gross) oil, gas or other kindred substances or other minerals in, upon or underlying said real property or hereafter extracted therefrom, as reserved in the Deed from Pacific States Savings and Loan Company, recorded July 10, 1947, in Book 789, Page 376 of Official Records.

Subject to the covenants, conditions, restrictions, reservations, encumbrances and easements now of record.

This grant and conveyance is made on the condition that said premises shall not be used for the sale and distribution of petroleum products to the public, except petroleum products being sold or distributed under a registered trademark, trade name or brand owned by the Grantor, for a period of ten (10) years from the date hereof. For any violation of this condition, said premises shall be forfeited and revert to the said Grantor, its assigns and legal representatives, each of whom shall have the right of immediate reentry upon said premises.

OFFICE LEASE

THIS LEASE is made and executed this 23rd day of March, 19 87

BETWEEN Elton V. & Janice L. Gallegly & M. & Marcie K. Schweitzer, Lessor (whether one or more),

AND Leming & Sons Insurance, Lessee (whether one or more).

WITNESSETH:

That Lessor hereby leases to Lessee, and Lessee hereby hires from Lessor those certain premises known as:

Suite No. 101/102 on the 1st floor of that certain Building known as the Erringer Professional Building at 1791 Erringer Road

NOW, THEREFORE, it is mutually agreed as follows:

1. The term of this Lease shall be for a period of 2 years, beginning on the 15th day of April, 19 87

2. Lessee agrees to pay to Lessor as rental for said premises the total sum of $ 45,600.00, payable in monthly installments as follows:

$1,900.00 per month payable on the 15th of each month.

Each installment of rental shall be payable in advance on the first day of each and every month, except the first monthly installment which shall be payable by Lessee to Lessor upon the date of the execution of this Lease by Lessee. All rental installments payable hereunder shall be paid in lawful money of the United States at Lessor's office address appearing under Lessor's signature hereinbelow, or at such other place as Lessor may from time to time designate in writing, and shall be free from all demands, claims or set-offs against Lessor.

3. As a separate and independent consideration for the execution of this Lease by Lessor, Lessee has paid to Lessor and Lessor acknowledges receipt from Lessee of the sum of $__________ and it is hereby agreed that if on the date of the commencement of the last month of the term of this Lease, Lessee has faithfully and fully performed the terms and provisions of this Lease on Lessee's part to be kept and performed hereunder and has paid to Lessor the rental as herein provided to be paid by Lessee to Lessor, Lessee shall be permitted to occupy, use and enjoy the demised premises during the last month of the term of this Lease beginning on the ________ day of ________, 19____ and ending on the ________ day of ________, 19____, without obligation or liability to pay any rental for said month.

4. If for any reason whatever Lessor cannot deliver possession of the demised premises to Lessee at the commencement of the term of this Lease, as hereinbefore specified, this Lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damage resulting therefrom. In such event, this Lease shall automatically commence upon the date the demised premises are ready for delivery to Lessee and, regardless of the date above specified for the commencement and termination of said Lease, this Lease shall continue from the date the demised premises are ready for occupancy or are occupied by Lessee (whichever date shall first occur) and shall continue thereafter for the full period specified above constituting the duration of the term of this Lease plus a preliminary period comprising the number of days elapsing between the day of the commencement of the term (if such day be other than on the first day of the month) and the first day of the month next succeeding such date, provided, however, that no rent shall be due hereunder until the demised premises are ready for occupancy or are occupied by Lessee, whichever date shall first occur, and the rent shall be prorated on the thirty (30) day basis for the number of days, if any, elapsing from and after commencement date and the first day of the immediately ensuing month comprising the first full month of the leasehold term. If for any reason the Building should not be completed or occupancy of Lessee's suite is not furnished to Lessee on or before the ________ day of ________, 19____ so as to result in the actual commencement of the term of this Lease on or before said date, said Lease shall be of no further force or effect and Lessor shall be relieved of all further liability or responsibility to Lessee upon returning in full (a) the first monthly installment of rent paid by Lessee to Lessor upon the date of the execution of this Lease by Lessee; and (b) the sum acknowledged by Lessor under the provisions of Paragraph 3 as having been received from Lessee.

5. Lessee shall use the leased premises as and for insurance office and for no other purposes unless the consent of Lessor in writing for a different use by Lessee is first had and obtained by Lessee.

6. Lessee will conduct himself and will cause Lessee's employees, agents and invitees to conduct themselves with full regard for the rights, convenience and welfare of all other tenants of the Building. Should Lessee be a physician, dentist, chiropractor, chiropodist, radiologist, or plastic surgeon, Lessee agrees to comply with all applicable written or unwritten professional codes or rules of ethics, including those of the American Medical Association.

Lessee further agrees to comply with and cause the employees, agents and invitees of Lessee to comply with the rules and regulations of the Building, which are hereinafter set forth and hereby made a part of this Lease, and with all supplements and amendments thereto which Lessor may hereafter adopt. Any violation by Lessee or by its employees, agents or invitees of any such rule or regulation heretofore or hereafter adopted, amended or supplemented by Lessor shall constitute a default by Lessee under this Lease and shall make available to Lessor the remedies hereunder provided by Paragraph 14.

7. Lessee shall not assign or hypothecate this Lease or any interest therein and shall not sublet the demised premises or any part thereof in whole or in part or suffer any other person, save and except the employees or agents of Lessee, to occupy said demised premises without the written consent of Lessor being first had and obtained. A consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent aforesaid by Lessor shall be void and shall, at the option of Lessor, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of Lessee, by operation of law, without the written consent of Lessor.

8. Lessee states and covenants that no representations as to the use or condition of said premises or as to the terms of this Lease were made by Lessor or Lessor's agents prior to or at the execution of this Lease, other than as may be otherwise expressly set forth and contained herein and that there are no oral agreements between Lessee and Lessor in respect to the demised premises or the use or the condition thereof; that said premises shall not be altered, repaired or changed by Lessee without the written consent of Lessor, and that unless otherwise provided by this Lease, all alterations, improvements, or changes shall be done either by or under the direction of Lessor, but at the cost of Lessee, and all alterations, additions or improvements made in or to said premises shall be the property of Lessor and shall remain and be surrendered with said premises upon the termination of this Lease, or, at the option of Lessor, said premises shall be restored to their original condition at the cost of Lessee; that all damage or injury done to the premises by Lessee, or by any person who may be in or upon the premises by the consent of Lessee, shall be paid for by Lessee upon demand, and that said premises shall be surrendered in as good condition as the same are now in, depreciation for reasonable use thereof excepted. Any and all basins, lavatories, sinks, water closets, lighting fixtures, receptacles, hardware, cabinets, partitions, doors and floor coverings other than carpets, are herein construed to be permanent improvements and shall not be removed from the premises upon the expiration or termination of this Lease, unless otherwise herein stated.

[illegible] Lease shall be, and is [illegible] declared to be, subject to all present or [illegible] mor[illegible] or deeds of trust affecting the said Building or the land covered thereby.

20. Lessee is hereby given an option to extend the term of this Lease for a period of 2 years commencing immediately after the expiration date of the original term hereof, [illegible] Lessee may exercise this option by written notice to Lessor not later than ninety (90) days prior to the expiration date of the original term of this Lease. ** see [illegible]lo

21. Upon expiration or other termination of the Lease, Lessee shall be entitled to removal from the demised premises of all Lessee's movable furniture, equipment, trade fixtures and personal property.

22. In case Lessor should bring suit or cross-complaint against Lessee in any suit for the purpose of recovering possession of the premises, for the recovery of any sum due hereunder, or because of the breach of any covenant herein on the part of Lessee, or in case Lessee should bring suit against Lessor or cross-complaint against Lessor in any suit for breach of any covenant herein on the part of Lessor, and should Lessor or Lessee, as the case may be, prevail in any such suit, or prevail upon a cross-complaint filed by Lessor or Lessee in any such suit, the party against whom judgment in any such suit is rendered shall pay to the other party a reasonable attorney's fee and shall be entitled to a specific provision in the judgment awarding such prevailing party such reasonable attorney's fee.

23. This Agreement is binding on the heirs, executors, administrators, personal representatives, assigns and successors in interest of the parties hereto.

24. All notices to be given to Lessee may be given in writing personally or by depositing the same in the United States Mail, postage pre-paid, and addressed to Lessee at the demised premises, whether or not Lessee has departed from, abandoned or vacated the demised premises.

25. The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The acceptance of rent hereunder shall not be construed to be a waiver of any breach by Lessee of any term, covenant, or condition of this Lease.

26. It is understood and agreed that the remedies herein given to Lessor shall be cumulative, and the exercise of any one remedy by Lessor shall not be to the exclusion of any other remedy.

27. If Lessee holds possession of the demised premises after the term of this Lease, such Lessee shall become a tenant from month-to-month upon the terms herein specified and at the same monthly rental as is herein provided to be paid by Lessee to Lessor, such rental to be payable monthly in advance in lawful money of the United States on the first day of each month commencing on the first day of the month following the expiration of the term of this Lease. Lessee shall continue to be such tenant until such tenancy shall be terminated by Lessor, or until Lessee shall have given to Lessor a written notice at least one (1) month prior to the date of termination of such monthly tenancy of his intention to terminate such tenancy.

28. Time is of the essence of this Lease.

29. During the term of the lease. Lessee shall. at his own expense, maintain in full force & effect a policy or policies of comprehensive liability insurance, including property damage that will insure Tenant & Landlord against liability for injury to persons occuring in or about the premises. The liability under such insurance shall not be less than $200,000.00 for any one person injured or killed, not less than $400,000.00 for any one accident and not less than $50,000.00 for property damage. Tenant shall also maintain and keep in force plate glass coverage on all exterior plate glass in the premises. Lessee shall provide Lessor with copies or certificates of all policies including in each instance an endorsement providing that such insurance shall not be cancelled except after 10 days notice to Landlord.

** First year option commencing April 15th, 1989 = $2,014.00 per month
Second year option commencing April 15th, 1990 = $2,135.00 per month

IN WITNESS WHEREOF, the parties hereto have executed this Lease in duplicate the day and year first above written.

LESSOR

LESSEE

ADDRESS

ADDRESS

Lessor

Lessor

OFFICE LEASE

THIS LEASE is made and executed this 25th day of January, 19 82

BETWEEN Elton W. Gallegly and Janice L. Gallegly and M. Schweitzer and Marcia K. Schweitzer, Lessor (whether one or more),

AND Robert O. Huber, Lessee (whether one or more).

WITNESSETH:

That Lessor hereby leases to Lessee, and Lessee hereby hires from Lessor those certain premises known as:

Suite No. 202 on the 2nd floor of that certain Building known as the Professional Building Account at 1791 Erringer Road, Simi Valley, California 93065

NOW, THEREFORE, it is mutually agreed as follows:

1. The term of this Lease shall be for a period of 1 years, beginning on the 25th day of January, 19 82

2. Lessee agrees to pay to Lessor as rental for said premises the total sum of $ 6,900.00 payable in monthly installments as follows:

January 25, 1982	$300.00
February 25th, 1982	$300.00
March 25th, 1982	$300.00
April 25th, 1982	$300.00
May 25th, 1982	$300.00
June 25th, 1982	$300.00
July 25th, 1982	$850.00
August 25th, 1982	$850.00
September 25th, 1982	$850.00
October 25th, 1982	$850.00
November 25th, 1982	$850.00
December 25th, 1982	$850.00

Each installment of rental shall be payable in advance on the first day of each and every month, except the first monthly installment which shall be payable by Lessee to Lessor upon the date of the execution of this Lease by Lessee. All rental installments payable hereunder shall be paid in lawful money of the United States at Lessor's office address appearing under Lessor's signature hereinbelow, or at such other place as Lessor may from time to time designate in writing, and shall be free from all demands, claims or set-offs against Lessor.

3. As a separate and independent consideration for the execution of this Lease by Lessor, Lessee has paid to Lessor and Lessor acknowledges receipt from Lessee of the sum of $________, and it is hereby agreed that if on the date of the commencement of the last month of the term of this Lease, Lessee has faithfully and fully performed the terms and provisions of this Lease on Lessee's part to be kept and performed hereunder and has paid to Lessor the rental as herein provided to be paid by Lessee to Lessor, Lessee shall be permitted to occupy, use and enjoy the demised premises during the last month of the term of this Lease beginning on the ________ day of ________, 19___ and ending on the ________ day of ________, 19___, without obligation or liability to pay any rental for said month.

4. If for any reason whatever Lessor cannot deliver possession of the demised premises to Lessee at the commencement of the term of this Lease, as hereinbefore specified, this Lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damage resulting therefrom. In such event, this Lease shall automatically commence upon the date the demised premises are ready for delivery to Lessee and, regardless of the date above specified for the commencement and termination of said Lease, this Lease shall continue from the date the demised premises are ready for occupancy or are occupied by Lessee (whichever date shall first occur) and shall continue thereafter for the full period specified above constituting the duration of the term of this Lease plus a preliminary period comprising the number of days elapsing between the day of the commencement of the term (if such day be other than on the first day of the month) and the first day of the month next succeeding such date, provided, however, that no rent shall be due hereunder until the demised premises are ready for occupancy or are occupied by Lessee, whichever date shall first occur, and the rent shall be prorated on the thirty (30) day basis for the number of days, if any, elapsing from and after commencement date and the first day of the immediately ensuing month comprising the first full month of the leasehold term. If for any reason the Building should not be completed or occupancy of Lessee's suite is not furnished to Lessee on or before the ________ day of ________, 19___ so as to result in the actual commencement of the term of this Lease on or before said date, said Lease shall be of no further force or effect and Lessor shall be relieved of all further liability or responsibility to Lessee upon returning in full (a) the first monthly installment of rent paid by Lessee to Lessor upon the date of the execution of this Lease by Lessee; and (b) the sum acknowledged by Lessor under the provisions of Paragraph 3 as having been received from Lessee.

5. Lessee shall use the leased premises as and for attorney's office and for no other purposes unless the consent of Lessor in writing for a different use by Lessee is first had and obtained by Lessee.

6. Lessee will conduct himself and will cause Lessee's employees, agents and invitees to conduct themselves with full regard for the rights, convenience and welfare of all other tenants of the Building. Should Lessee be a physician, dentist, chiropractor, chiropodist, radiologist, or plastic surgeon, Lessee agrees to comply with all applicable written or unwritten professional codes or rules of ethics, including those of the American Medical Association.

Lessee further agrees to comply with and cause the employees, agents and invitees of Lessee to comply with the rules and regulations of the Building, which are hereinafter set forth and hereby made a part of this Lease, and with all supplements and amendments thereto which Lessor may hereafter adopt. Any violation by Lessee or by its employees, agents or invitees of any such rule or regulation heretofore or hereafter adopted, amended or supplemented by Lessor shall constitute a default by Lessee under this Lease and shall make available to Lessor the remedies hereunder provided by Paragraph 14.

7. Lessee shall not assign or hypothecate this Lease or any interest therein and shall not sublet the demised premises or any part thereof in whole or in part or suffer any other person, save and except the employees or agents of Lessee, to occupy said demised premises without the written consent of Lessor being first had and obtained. A consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent aforesaid by Lessor shall be void and shall, at the option of Lessor, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of Lessee, by operation of law, without the written consent of Lessor.

8. Lessee states and covenants that no representations as to the use or condition of said premises or as to the terms of this Lease were made by Lessor or Lessor's agents prior to or at the execution of this Lease, other than as may be otherwise expressly set forth and contained herein and that there are no oral agreements between Lessee and Lessor in respect to the demised premises or the use or the condition thereof; that said premises shall not be altered, repaired or changed by Lessee without the written consent of Lessor, and that unless otherwise provided by this Lease, all alterations, improvements, or changes shall be done either by or under the direction of Lessor, but at the cost of Lessee, and all alterations, additions or improvements made in or to said premises shall be the property of Lessor and shall remain and be surrendered with said premises upon the termination of this Lease, or, at the option of Lessor, said premises shall be restored to their original condition at the cost of Lessee; that all damage or injury done to the premises by Lessee, or by any person who may be in or upon the premises by the consent of Lessee, shall be paid for by Lessee upon demand, and that said premises shall be surrendered in as good condition as the same are now in, depreciation for reasonable use thereof excepted. Any and all basins, lavatories, sinks, water closets, lighting fixtures, receptacles, hardware, cabinets, partitions, doors and floor coverings other than carpets, are herein construed to be permanent improvements and shall not be removed from the premises upon the expiration or termination of this Lease, unless otherwise herein stated.

19. This Lease shall be, and is hereby declared to be, subject to all present or future mortgages or deeds of trust affecting the said Building or the land covered thereby.

20. Lessee is hereby given an option to extend the term of this Lease for a period of 2 years commencing immediately after the expiration date of the original term hereof, upon the same terms and conditions, ~~but at the average rate charged for other offices in the Building at the beginning of this option.~~ * per month. Lessee may exercise this option by written notice to Lessor not later than ninety (90) days prior to the expiration date of the original term of this Lease.

21. Upon expiration or other termination of this Lease, Lessee shall be entitled to removal from the demised premises of all Lessee's movable furniture, equipment, trade fixtures and personal property.

22. In case Lessor should bring suit or cross-complaint against Lessee in any suit for the purpose of recovering possession of the premises, for the recovery of any sum due hereunder, or because of the breach of any covenant herein on the part of Lessee, or in case Lessee should bring suit against Lessor or cross-complaint against Lessor in any suit for breach of any covenant herein on the part of Lessor, and should Lessor or Lessee, as the case may be, prevail in any such suit, or prevail upon a cross-complaint filed by Lessor or Lessee in any such suit, the party against whom judgment in any such suit is rendered shall pay to the other party a reasonable attorney's fee and shall be entitled to a specific provision in the judgment awarding such prevailing party such reasonable attorney's fee.

23. This Agreement is binding on the heirs, executors, administrators, personal representatives, assigns and successors in interest of the parties hereto.

24. All notices to be given to Lessee may be given in writing personally or by depositing the same in the United States Mail, postage pre-paid, and addressed to Lessee at the demised premises, whether or not Lessee has departed from, abandoned or vacated the demised premises.

25. The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The acceptance of rent hereunder shall not be construed to be a waiver of any breach by Lessee of any term, covenant, or condition of this Lease.

26. It is understood and agreed that the remedies herein given to Lessor shall be cumulative, and the exercise of any one remedy by Lessor shall not be to the exclusion of any other remedy.

27. If Lessee holds possession of the demised premises after the term of this Lease, such Lessee shall become a tenant from month-to-month upon the terms herein specified and at the same monthly rental as is herein provided to be paid by Lessee to Lessor, such rental to be payable monthly in advance in lawful money of the United States on the first day of each month commencing on the first day of the month following the expiration of the term of this Lease. Lessee shall continue to be such tenant until such tenancy shall be terminated by Lessor, or until Lessee shall have given to Lessor a written notice at least one (1) month prior to the date of termination of such monthly tenancy of his intention to terminate such tenancy.

28. Time is of the essence of this Lease.

29. Lessee is aware that the gas meter for Suite 202 includes the hot water heater for the building, and Lessee agrees to pay the gas bill in full as a condition of this lease.

30. In consideration for item 29, Lessee is granted use of the sign space in front of the building at no charge.

31. During the term of the lease, Lessee shall, at his own expense, maintain in full force & effect a policy or policies of comprehensive liability insurance, including property damage, written by one or more responsible insurance companies licensed to do business in California, that will insure Tenant & Landlord against liability for injury to persons occuring in or about the premises. Each such policy shall be subject to approval by Landlord as to form & as to the insurance company. The liability under such insurance shall not be less than $200,000.00 for any one person injured or killed, not less than $400,000.00 for any one accident and not less than $50,000.00 for property damage. If, in the considered opinion of Landlord's insurance advisor, the amount of such coverage is not adequate, Tenant shall increase the coverage to such amounts as Landlord's advisor shall deem adequate. Tenant shall also maintain and keep in force plate glass coverage on all exterior plate glass in the premises. Lessee shall provide Lessor with copies or certificates of all policies including in each instance an endorsement providing that such insurance shall not be cancelled except after 10 days notice to Landlord.

IN WITNESS WHEREOF, the parties hereto have executed this Lease in duplicate the day and year first above written.

LESSOR

ADDRESS

1275 LUNDY DRIVE
SIMI VALLEY, CALIFORNIA
93065

ADDRESS

* first year option $630.00 per month
second year option $690.00 per month

lessor

lessee

[illegible] may be prescribed by the Building Management.

18. No [illegible] sign, trademark, design, notice, legend or advertisement shall be painted [illegible] or affixed to the doors or windows or to the exterior [illegible] wall of any office [illegible] the written approval of the Building Management, and [illegible] only in compliance with its directions and at Tenant's risk and expense.

19. No office shall be redecorated or restyled without the written approval of the Building Management, and then only in compliance with its directions and at Tenant's risk and expense.

20. Tenants shall purchase supplies only from those firms which will comply with the regulations controlling deliveries that are prescribed by the Building Management.

21. All equipment or personal property of a size or weight which might interrupt elevator service must be delivered or removed from the Building in accordance with regulations posted or retained in the office of the Building.

22. No employee of the Building or independent contractor performing services in or about the same will be allowed to perform any services for or fulfill any instructions of a Tenant, except on specific authorization from the Building Management, and no Tenant shall request any special service or issue any instructions to employees of the Building, except with the written approval of the Building Management. All special services of employees of the Building which shall be approved by the Building Management shall be done at the Tenant's risk and expense.

[illegible]

[illegible]

April 1st, 1986

ADDENDUM TO LEAST AGREEMENT DATED JANUARY 25TH, 1982 BETWEEN ELTON W. GALLEGLY AND JANICE L. GALLEGLY AND M. SCHWEITZER AND MARCIE K. SCHWEITZER, LESSOR AND ROBERT O. HUBER, LESSEE, OF OFFICE SPACE CONSISTING EFFECTIVE THIS DATE OF SUITES 201 AND 202 AT 1791 ERRINGER ROAD, SIMI VALLEY, CALIFORNIA.

It is understood and agreed that commencing April 1st, 1986 the monthly rent for Suites 201 and 202 shall be $1,500.00. Commencing April 1st, 1988 the monthly rent will be increased by 5% to $1,575.00, and commencing April 1st, 1989, the monthly rent will be increased an additional 5% to $1,653.75 and shall remain at that until the expiration of this lease agreement on April 1st, 1990.

By: [signature]
Robert O. Huber

[signature]
Elton W. Gallegly

[signature]
M. Schweitzer

[signature]
Janice L. Gallegly

[signature]
Marcie K. Schweitzer

OFFICE LEASE

THIS LEASE is made and executed this 15th day of December 19 88

BETWEEN Elton W. Gallegly and Janice L. Gallegly and M. Schweitzer and Marcia K. Schweitzer, Lessor (whether one or more),

AND Robert C. Landegger, Lessee (whether one or more).

WITNESSETH:

That Lessor hereby leases to Lessee, and Lessee hereby hires from Lessor those certain premises known as: Suite No. 203 on the 2nd floor of that certain Building known as the Erringer Professional Building, at 1791 Erringer Road, Simi Valley, California 93065

NOW, THEREFORE, it is mutually agreed as follows:

1. The term of this Lease shall be for a period of 2 years, beginning on the 15th day of December, 19 88

2. Lessee agrees to pay to Lessor as rental for said premises the total sum of $ 18,000.00, payable in monthly installments as follows:

December 15th, 1988 the sum of $1,500.00 representing first and last months rent. Thereafter, $750.00 per month due on the 15th day of each month.

Each installment of rental shall be payable in advance on the first day of each and every month, except the first monthly installment which shall be payable by Lessee to Lessor upon the date of the execution of this Lease by Lessee. All rental installments payable hereunder shall be paid in lawful money of the United States at Lessor's office address appearing under Lessor's signature hereinbelow, or at such other place as Lessor may from time to time designate in writing, and shall be free from all demands, claims or set-offs against Lessor.

3. As a separate and independent consideration for the execution of this Lease by Lessor, Lessee has paid to Lessor and Lessor acknowledges receipt from Lessee of the sum of $__________, and it is hereby agreed that if on the date of the commencement of the last month of the term of this Lease, Lessee has faithfully and fully performed the terms and provisions of this Lease on Lessee's part to be kept and performed hereunder and has paid to Lessor the rental as herein provided to be paid by Lessee to Lessor, Lessee shall be permitted to occupy, use and enjoy the demised premises during the last month of the term of this Lease beginning on the __________ day of __________, 19____, and ending on the __________ day of __________, 19____, without obligation or liability to pay any rental for said month.

4. If for any reason whatever Lessor cannot deliver possession of the demised premises to Lessee at the commencement of the term of this Lease, as hereinbefore specified, this Lease shall not be void or voidable, nor shall Lessor be liable to Lessee for any loss or damage resulting therefrom. In such event, this Lease shall automatically commence upon the date the demised premises are ready for delivery to Lessee and, regardless of the date above specified for the commencement and termination of said Lease, this Lease shall continue from the date the demised premises are ready for occupancy or are occupied by Lessee (whichever date shall first occur) and shall continue thereafter for the full period specified above constituting the duration of the term of this Lease plus a preliminary period comprising the number of days elapsing between the day of the commencement of the term (if such day be other than on the first day of the month) and the first day of the month next succeeding such date, provided, however, that no rent shall be due hereunder until the demised premises are ready for occupancy or are occupied by Lessee, whichever date shall first occur, and the rent shall be prorated on the thirty (30) day basis for the number of days, if any, elapsing from and after commencement date and the first day of the immediately ensuing month comprising the first full month of the leasehold term. If for any reason the Building should not be completed or occupancy of Lessee's suite is not furnished to Lessee on or before the __________ day of __________, 19____ so as to result in the actual commencement of the term of this Lease on or before said date, said Lease shall be of no further force or effect and Lessor shall be relieved of all further liability or responsibility to Lessee upon returning in full (a) the first monthly installment of rent paid by Lessee to Lessor upon the date of the execution of this Lease by Lessee; and (b) the sum acknowledged by Lessor under the provisions of Paragraph 3 as having been received from Lessee.

5. Lessee shall use the leased premises as and for real estate sales and property management and for no other purposes unless the consent of Lessor in writing for a different use by Lessee is first had and obtained by Lessee.

6. Lessee will conduct himself and will cause Lessee's employees, agents and invitees to conduct themselves with full regard for the rights, convenience and welfare of all other tenants of the Building. Should Lessee be a physician, dentist, chiropractor, chiropodist, radiologist, or plastic surgeon, Lessee agrees to comply with all applicable written or unwritten professional codes or rules of ethics, including those of the American Medical Association.

Lessee further agrees to comply with and cause the employees, agents and invitees of Lessee to comply with the rules and regulations of the Building, which are hereinafter set forth and hereby made a part of this Lease, and with all supplements and amendments thereto which Lessor may hereafter adopt. Any violation by Lessee or by its employees, agents or invitees of any such rule or regulation heretofore or hereafter adopted, amended or supplemented by Lessor shall constitute a default by Lessee under this Lease and shall make available to Lessor the remedies hereunder provided by Paragraph 14.

7. Lessee shall not assign or hypothecate this Lease or any interest therein and shall not sublet the demised premises or any part thereof in whole or in part or suffer any other person, save and except the employees or agents of Lessee, to occupy said demised premises without the written consent of Lessor being first had and obtained. A consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent aforesaid by Lessor shall be void and shall, at the option of Lessor, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of Lessee, by operation of law, without the written consent of Lessor.

8. Lessee states and covenants that no representations as to the use or condition of said premises or as to the terms of this Lease were made by Lessor or Lessor's agents prior to or at the execution of this Lease, other than as may be otherwise expressly set forth and contained herein and that there are no oral agreements between Lessee and Lessor in respect to the demised premises or the use or the condition thereof; that said premises shall not be altered, repaired or changed by Lessee without the written consent of Lessor, and that unless otherwise provided by this Lease, all alterations, improvements, or changes shall be done either by or under the direction of Lessor, but at the cost of Lessee, and all alterations, additions or improvements made in or to said premises shall be the property of Lessor and shall remain and be surrendered with said premises upon the termination of this Lease, or, at the option of Lessor, said premises shall be restored to their original condition at the cost of Lessee; that all damage or injury done to the premises by Lessee, or by any person who may be in or upon the premises by the consent of Lessee, shall be paid for by Lessee upon demand, and that said premises shall be surrendered in as good condition as the same are now in, depreciation for reasonable use thereof excepted. Any and all basins, lavatories, sinks, water closets, lighting fixtures, receptacles, hardware, cabinets, partitions, doors and floor coverings other than carpets, are herein construed to be permanent improvements and shall not be removed from the premises upon the expiration or termination of this Lease, unless otherwise herein stated.

19. This Lease shall be, and is hereby declared to be, subject to all present or future mortgages or deeds of trust affecting the said Building or the land covered thereby.

20. Lessee is hereby given an option to extend the term of this Lease for a period of____________years commencing immediately after the expiration date of the original term hereof, upon the same terms and conditions, but at the average rate charged for other offices in the Building at the beginning of this option. Lessee may exercise this option by written notice to Lessor not later than ninety (90) days prior to the expiration date of the original term of this Lease.

21. Upon expiration or other termination of this Lease, Lessee shall be entitled to removal from the demised premises of all Lessee's movable furniture, equipment, trade fixtures and personal property.

22. In case Lessor should bring suit or cross-complaint against Lessee in any suit for the purpose of recovering possession of the premises, for the recovery of any sum due hereunder, or because of the breach of any covenant herein on the part of Lessee, or in case Lessee should bring suit against Lessor or cross-complaint against Lessor in any suit for breach of any covenant herein on the part of Lessor, and should Lessor or Lessee, as the case may be, prevail in any such suit, or prevail upon a cross-complaint filed by Lessor or Lessee in any such suit, the party against whom judgment in any such suit is rendered shall pay to the other party a reasonable attorney's fee and shall be entitled to a specific provision in the judgment awarding such prevailing party such reasonable attorney's fee.

23. This Agreement is binding on the heirs, executors, administrators, personal representatives, assigns and successors in interest of the parties hereto.

24. All notices to be given to Lessee may be given in writing personally or by depositing the same in the United States Mail, postage pre-paid, and addressed to Lessee at the demised premises, whether or not Lessee has departed from, abandoned or vacated the demised premises.

25. The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The acceptance of rent hereunder shall not be construed to be a waiver of any breach by Lessee of any term, covenant, or condition of this Lease.

26. It is understood and agreed that the remedies herein given to Lessor shall be cumulative, and the exercise of any one remedy by Lessor shall not be to the exclusion of any other remedy.

27. If Lessee holds possession of the demised premises after the term of this Lease, such Lessee shall become a tenant from month-to-month upon the terms herein specified and at the same monthly rental as is herein provided to be paid by Lessee to Lessor, such rental to be payable monthly in advance in lawful money of the United States on the first day of each month commencing on the first day of the month following the expiration of the term of this Lease. Lessee shall continue to be such tenant until such tenancy shall be terminated by Lessor, or until Lessee shall have given to Lessor a written notice at least one (1) month prior to the date of termination of such monthly tenancy of his intention to terminate such tenancy.

28. Time is of the essence of this Lease.

29. Lessee will be responsible for the first $250.00 on any repairs or service to the heating and air conditioning unit and Lessor will be responsible for any amount over said first $250.00.

~~30. During the term of the lease, Lessee shall, at his own expense, maintain in full force and~~ effect a policy or policies of comprehensive liability insurance, including property damage, written by ~~one or more responsible insurance companies licensed to do business in California, that will insure~~ Tenant & Landlord against liability for injury to persons occuring in or about the premises. Each such policy shall be subject to approval by Landlord as to form & as to the insurance company. The liability under such insurance shall not be less than $200,000.00 for any one person injured or killed, not less than $400,000.00 for any one accident and not less than $50,000.00 for property damage. If, in the ~~considered opinion of Landlord's insurance advisor, the amount of such coverage is not adequate, Tenant~~ shall increase the coverage to such amounts as Landlord's advisor shall deem adequate. Tenant shall maintain and keep in force plate glass coverage on all exterior plate glass in the premise. Lessee shall provide Lessor with copies or certificates of all policies including in each instance an endorsement providing that such insurance shall not be cancelled except after 10 days notice to Landlord.

31. As a matter of reference, Lessee states that the one rear window with a bullet hole is acceptable to him and need not be replaced by the Lessor.

IN WITNESS WHEREOF, the parties hereto have executed this Lease in duplicate the day and year first above written.

LESSOR

LESSEE

ADDRESS

ADDRESS

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1989

The Honorable Elton Gallegly
House of Representatives
Washington, D. C. 20515

Dear Congressman Gallegly:

This letter serves to acknowledge that the Commission is still considering the matter that you brought to our attention in October of 1988. Until you receive a written determination from the Commission as to whether there has been a "reason-to-believe" finding and review the accompanying legal and factual analysis, you need take no action on this matter. I anticipate you will be receiving word of that determination before too long.

Sincerely,

John Surina

John C. Surina
Staff Director

OGC 5620

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN W. BARAN
(202) 429-7330

TELECOPIER
(202) 429-7049
TELEX 248349 WYRN UR

March 6, 1990

Lawrence M. Noble, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Sandra J. Dunham

RECEIVED
FEDERAL ELECTION COMMISSION
90 MAR -6 PM 3:38

Re: MUR 3008

9 1 0 4 0 3 0 2 5 6

Dear Mr. Noble:

I am writing in response to Ms. Sandra Dunham's call to my office on February 16, 1990. At that time she asked whether the Respondents in Matter Under Review 3008, the Gallegly for Congress Committee, Janice Gallegly, Marcie Schweitzer, and Mike Schweitzer, were interested in entering into pre-probable cause conciliation with the Federal Election Commission ("Commission"). Ms. Dunham advised us that the Office of the General Counsel had made the preliminary decision to recommend that the Commission find probable cause to believe that the individual Respondents had made excessive contributions to the Gallegly for Congress Committee for the 1988 election cycle. Ms. Laham of my office indicated to Ms. Dunham our belief that the Commission should not pursue this matter. We have, however, an obligation to confer with Respondents regarding whether or not they would like to enter into pre-probable cause conciliation.

In conferring with our clients, we were advised that the Gallegly for Congress Committee had a 1986 primary debt up through the first quarter of 1988. During that time, each of the individual Respondents in this matter could have, and would have, contributed to the 1986 debt retirement had they been aware that the Commission was going to consider the debt to the Erringer Professional Building as a contribution by each individual. Respondents therefore decline your offer to enter into pre-probable cause conciliation, and would like your Office to consider this information in evaluating whether to recommend that the Commission find probable cause to believe a violation has occurred. Respondents are prepared to provide affidavits to this effect should you find them necessary.

We greatly appreciate your office informing us of the opportunity to enter into pre-probable cause conciliation, and hope that the Office of the General Counsel will reconsider its preliminary decision to recommend that the Commission find probable cause to believe Respondents violated the Act in light of this new information.

Sincerely,

Jan W. Baran

cc: Janice Gallegly
Marcie Schweitzer
Mike Schweitzer
D. Frank Norton

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gallegly for Congress and D.	)	MUR 3008
Frank Norton, Jr., as treasurer	)	
Erringer Professional Building	)	
Janice Gallegly	)	
Marcie Schweitzer	)	
Mike Schweitzer	)	

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to the above named respondents, based on the assessment of the information presently available.

5/14/90
Date

Lawrence M. Noble
General Counsel

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 JUN 13 AM 11:48

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

MEMORANDUM June 13, 1990

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

SUBJECT: MUR 3008

Attached for the Commission's review are briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. Copies of the briefs and letters notifying respondents of the General Counsel's intent to recommend to the Commission findings of probable cause as to four respondents and a finding of no probable cause as to one respondent, were mailed on June 13, 1990. Following receipt of respondents' replies to these notices, this Office will make a further report to the Commission.

Attachments
1. Briefs (5)
2. Letters to respondents

91040330269

FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

June 13, 1990

Mr. Jan W. Baran, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 3008
Gallegly for Congress and
D. Frank Norton, as
treasurer
Janice Gallegly
Marcie Schweitzer
Mike Schweitzer

Dear Mr. Baran:

Based on an inquiry from Congressman Elton Gallegly on October 19, 1988, regarding outstanding debts, the Commission, on November 14, 1989, found that there was reason to believe your clients, Gallegly for Congress and D. Frank Norton, as treasurer violated 2 U.S.C. § 441a(f). The Commission also found reason to believe that your clients, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer violated 2 U.S.C. § 441a(a)(1)(A), 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 probable cause to believe that violations have occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission briefs (ten copies of each if possible) stating your position on the issues and replying to the briefs of the General Counsel. (Three copies of each brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's briefs and any briefs which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file responsive briefs within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

Findings of probable cause to believe require that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through conciliation agreements.

Should you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Briefs

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gallegly for Congress and D. Frank	)	MUR 3008
Norton, Jr., as treasurer	)	

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On November 14, 1989, the Commission found reason to believe that Gallegly for Congress, the principal campaign committee of Representative Elton Gallegly, and D. Frank Norton, Jr., as treasurer, ("Respondents") violated 2 U.S.C. § 441a(f) by accepting excessive contributions. In a letter dated December 14, 1989, counsel for Respondents requested an extension of time to respond until January 3, 1990.

On March 6, 1990, this Office received a letter from counsel stating that Respondents do not wish to enter into pre-probable cause conciliation.

II. LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended the ("the Act"), defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal Office." 2 U.S.C. § 431(8)(A). Section 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of persons...." 11 C.F.R. § 100.7(a)(4) states that an extension of credit beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt. Pursuant to 11 C.F.R § 110.1(e), a contribution by a partnership shall be attributed to each partner in proportion to each partner's share of the profits.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(f) states that no candidate or political committee shall knowingly accept any contribution in violation of the contribution limits set forth in Section 441a.

The Commission's reason to believe determinations were based upon the assumption that the Erringer Professional Building ("Erringer") is a partnership, with Elton Gallegly, Janice Gallegly, Mike Schweitzer and Marcie Schweitzer as the individual partners. During the 1988 election cycle, Respondents accumulated a $12,000 debt, $6,000 for the primary election and $6,000 for the general election, owed to the Erringer Professional Building for rent on office space and equipment.[1]

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1. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report.

Respondent's 1989 Mid-Year Report, the last report available at the time of the Commission's reason to believe determinations, showed a cash on hand balance of $182,191. While it thus appeared that Respondents had sufficient funds to pay off the debt owed to Erringer, it had not done so. Additionally, there was no evidence in hand indicating that Erringer had made any commercially reasonable attempts to collect the debt owed by Respondents. Furthermore, in light of the relationship between the parties, the rental arrangement between Respondents and Erringer did not appear to have been an arms-length transaction. The non-payment of rent for Respondents' headquarters therefore appeared to have resulted in excessive in-kind contributions from Erringer and from the individual partners, other than the candidate, to Respondents.

According to answers to interrogatories submitted in this matter, the Erringer Professional Building is not in fact a partnership. Rather, it is jointly owned by Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Elton and Janice Gallegly, husband and wife, own an undivided one-half interest as community property and Mike and Marcie Schweitzer, husband and wife, also own an undivided one-half interest as community property. Therefore, the in-kind contributions for rent should only be divided equally among the joint owners of the Erringer Professional Building.

According to the answers to interrogatories, the amount of rent charged the Committee was consistent with the rent charged other tenants in the building for similar square footage at the time the campaign took possession of the office space. Therefore, it does not appear that the Committee was charged any less for rent based on the relationship of the parties involved. Thus, the $12,000 charge was the fair market value.

Each owner's share of the $12,000 contribution made to Respondents was apparently $3,000 for the 1988 election cycle, $1,500 for the primary and $1,500 for the general. Furthermore, none of the reports filed with the Commission by the Committee list any additional contributions from either Janice Gallegly or Marcie Schweitzer in 1987-88; however, the 1988 Pre-General Election Report lists a $100 contribution from Mike Schweitzer.

Janice Gallegly and Marcie Schweitzer each made $1,000 in excessive contributions to the Committee during the 1988 election cycle, $500 for the primary and $500 for the general, and Mike Schweitzer made $1,100 in excessive contributions to the Committee during the 1988 election cycle, $500 for the primary and $600 for the general.[2] Therefore, this Office recommends that the Commission find there is probable cause to

---

2. As noted in footnote 1, Erringer was owed $6,000 for the primary and $6,000 for the general elections. Therefore, each individual owner's share of the debt was $1,500 for each election, thereby resulting in a $500 excessive contribution per election.

believe that Gallegly for Congress and D. Frank Norton, Jr., as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive contributions totaling $3,100 from Janice Gallegly, Marcie Schweitzer and Mike Schweitzer, $1,500 for the primary and $1,600 for the general.

III. **RECOMMENDATION**

1. Find there is probable cause to believe that Gallegly for Congress and D. Frank Norton, Jr., as treasurer, violated 2 U.S.C. § 441a(f).

6/13/90
Date

Lawrence M. Noble
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Janice Gallegly	)	MUR 3008

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On November 14, 1989, the Commission found reason to believe that Janice Gallegly ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Gallegly for Congress Committee ("the Committee"), the principal campaign committee of Representative Elton Gallegly.

In a letter dated December 14, 1989, counsel for Respondent requested an extension of time to respond until January 3, 1990. A response to the interrogatories and request for documents sent to Respondent was submitted by counsel on January 2, 1990.

On March 6, 1990, this Office received a letter from counsel stating that Respondent does not wish to enter into pre-probable cause conciliation.

II. LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended the ("the Act"), defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any

election for Federal Office." 2 U.S.C. § 431(8)(A). Section 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of persons...." 11 C.F.R. § 100.7(a)(4) states that an extension of credit beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt. Pursuant to 11 C.F.R § 110.1(e), a contribution by a partnership shall be attributed to each partner in proportion to each partner's share of the profits.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000.

The Commission's reason to believe determinations were based upon the assumption that the Erringer Professional Building ("Erringer") is a partnership, with Elton Gallegly, Janice Gallegly, Mike Schweitzer and Marcie Schweitzer as the individual partners. During the 1988 election cycle, Gallegly for Congress accumulated a $12,000 debt, $6,000 for the primary election and $6,000 for the general election, owed to Erringer for rent on office space and equipment.[1]

The Committee's 1989 Mid-Year Report, the last report available at the time of the Commission's reason to believe

1. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report.

determinations, showed a cash on hand balance of $182,191. While it thus appeared that the Committee had sufficient funds to pay off the debt owed to Erringer, it had not done so. Additionally, there was no evidence in hand indicating that Erringer had made any commercially reasonable attempts to collect the debt owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer did not appear to have been an arms-length transaction. The non-payment of rent for the Committee headquarters therefore appeared to have resulted in excessive in-kind contributions from Erringer and from the individual partners, other than the candidate, to the Committee.

According to answers to interrogatories submitted by counsel on behalf of Respondent, the Erringer Professional Building is not in fact a partnership. Rather, it is jointly owned by Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Elton and Janice Gallegly, husband and wife, own an undivided one-half interest as community property and Mike and Marcie Schweitzer, husband and wife, also own an undivided one-half interest as community property. Therefore, the in-kind contributions for rent should only be divided equally among the joint owners of the Erringer Professional Building.

According to the answers to interrogatories, the amount of rent charged the Committee was consistent with the rent charged other tenants in the building for similar square footage at the time the campaign took possession of the office space. Therefore, it does not appear that the Committee was charged any less for rent based on the relationship of the parties involved. Thus, the $12,000 charged was the fair market value.

Each owner's share of the $12,000 contribution made to the Committee was apparently $3,000 for the 1988 election cycle, $1,500 for the primary and $1,500 for the general. Furthermore, none of the reports filed with the Commission by the Committee list any additional contributions from Janice Gallegly in 1987-88.

Therefore, this Office recommends that the Commission find there is probable cause to believe that Janice Gallegly made $1,000 in excessive contributions to the Committee during the 1988 election cycle, $500 for the primary and $500 for the general, in violation of 2 U.S.C. § 441a(a)(1)(A).

III. RECOMMENDATION

1. Find there is probable cause to believe that Janice Gallegly violated 2 U.S.C. § 441a(a)(1)(A).

[illegible] . 3 90

Date

Lawrence M. Noble
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Marcie Schweitzer) MUR 3008

GENERAL COUNSEL'S BRIEF

I. **STATEMENT OF THE CASE**

On November 14, 1989, the Commission found reason to believe that Marcie Schweitzer ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Gallegly for Congress Committee ("the Committee"), the principal campaign committee of Representative Elton Gallegly.

In a letter dated December 14, 1989, counsel for Respondent requested an extension of time to respond until January 3, 1990. A response to the interrogatories and request for documents sent to Respondent was submitted by counsel on January 2, 1990.

On March 6, 1990, this Office received a letter from counsel stating that Respondent does not wish to enter into pre-probable cause conciliation.

II. **LEGAL ANALYSIS**

The Federal Election Campaign Act of 1971, as amended the ("the Act"), defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any

91040302381

election for Federal Office." 2 U.S.C. § 431(8)(A). Section 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of persons...." 11 C.F.R. § 100.7(a)(4) states that an extension of credit beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt. Pursuant to 11 C.F.R § 110.1(e), a contribution by a partnership shall be attributed to each partner in proportion to each partner's share of the profits.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000.

The Commission's reason to believe determinations were based upon the assumption that the Erringer Professional Building ("Erringer") is a partnership, with Elton Gallegly, Janice Gallegly, Mike Schweitzer and Marcie Schweitzer as the individual partners. During the 1988 election cycle, Gallegly for Congress accumulated a $12,000 debt, $6,000 for the primary election and $6,000 for the general election, owed to Erringer for rent on office space and equipment.[1]

The Committee's 1989 Mid-Year Report, the last report available at the time of the Commission's reason to believe

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1. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report.

determinations, showed a cash on hand balance of $182,191. While it thus appeared that the Committee had sufficient funds to pay off the debt owed to Erringer, it had not done so. Additionally, there was no evidence in hand indicating that Erringer had made any commercially reasonable attempts to collect the debt owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer did not appear to have been an arms-length transaction. The non-payment of rent for the Committee headquarters therefore appeared to have resulted in excessive in-kind contributions from Erringer and from the individual partners, other than the candidate, to the Committee.

According to answers to interrogatories submitted by counsel on behalf of Respondent, the Erringer Professional Building is not in fact a partnership. Rather, it is jointly owned by Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Elton and Janice Gallegly, husband and wife, own an undivided one-half interest as community property and Mike and Marcie Schweitzer, husband and wife, also own an undivided one-half interest as community property. Therefore, the in-kind contributions for rent should only be divided equally among the joint owners of the Erringer Professional Building.

According to the answers to interrogatories, the amount of rent charged the Committee was consistent with the rent charged other tenants in the building for similar square footage at the time the campaign took possession of the office space. Therefore, it does not appear that the Committee was charged any less for rent based on the relationship of the parties involved. Thus, the $12,000 charge was the fair market value.

Each owner's share of the $12,000 contribution made to the Committee was apparently $3,000 for the 1988 election cycle, $1,500 for the primary and $1,500 for the general. Furthermore, none of the reports filed with the Commission by the Committee list any additional contributions from Marcie Schweitzer in 1987-88.

Therefore, this Office recommends that the Commission find there is probable cause to believe that Marcie Schweitzer made $1,000 in excessive contributions to the Committee during the 1988 election cycle, $500 for the primary and $500 for the general, in violation of 2 U.S.C. § 441a(a)(1)(A).

III. **RECOMMENDATION**

1. Find there is probable cause to believe that Marcie Schweitzer violated 2 U.S.C. § 441a(a)(1)(A).

2/13/90
Date

Lawrence M. Noble
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Mike Schweitzer) MUR 3008

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On November 14, 1989, the Commission found reason to believe that Mike Schweitzer ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Gallegly for Congress Committee ("the Committee"), the principal campaign committee of Representative Elton Gallegly.

In a letter dated December 14, 1989, counsel for Respondent requested an extension of time to respond until January 3, 1990. A response to the interrogatories and request for documents sent to Respondent was submitted by counsel on January 2, 1990.

On March 6, 1990, this Office received a letter from counsel stating that Respondent does not wish to enter into pre-probable cause conciliation.

II. LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended the ("the Act"), defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any

election for Federal Office." 2 U.S.C. § 431(8)(A). Section 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of persons...." 11 C.F.R. § 100.7(a)(4) states that an extension of credit beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt. Pursuant to 11 C.F.R § 110.1(e), a contribution by a partnership shall be attributed to each partner in proportion to each partner's share of the profits.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000.

The Commission's reason to believe determinations were based upon the assumption that the Erringer Professional Building ("Erringer") is a partnership, with Elton Gallegly, Janice Gallegly, Mike Schweitzer and Marcie Schweitzer as the individual partners. During the 1988 election cycle, Gallegly for Congress accumulated a $12,000 debt, $6,000 for the primary election and $6,000 for the general election, owed to Erringer for rent on office space and equipment.[1]

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1. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report.

The Committee's 1989 Mid-Year Report, the last report available at the time of the Commission's reason to believe determinations, showed a cash on hand balance of $182,191. While it thus appeared that the Committee had sufficient funds to pay off the debt owed to Erringer, it had not done so. Additionally, there was no evidence in hand indicating that Erringer had made any commercially reasonable attempts to collect the debt owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer did not appear to have been an arms-length transaction. The non-payment of rent for the Committee headquarters therefore appeared to have resulted in excessive in-kind contributions from Erringer and from the individual partners, other than the candidate, to the Committee.

According to answers to interrogatories submitted by counsel on behalf of Respondent, the Erringer Professional Building is not in fact a partnership. Rather, it is jointly owned by Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Elton and Janice Gallegly, husband and wife, own an undivided one-half interest as community property and Mike and Marcie Schweitzer, husband and wife, also own an undivided one-half interest as community property. Therefore, the in-kind contributions for rent should only be divided equally among the joint owners of the Erringer Professional

Building.

According to the answers to interrogatories, the amount of rent charged the Committee was consistent with the rent charged other tenants in the building for similar square footage at the time the campaign took possession of the office space. Therefore, it does not appear that the Committee was charged any less for rent based on the relationship of the parties involved. Thus, the $12,000 charge was the fair market value.

Each owner's share of the $12,000 contribution made to the Committee was apparently $3,000 for the 1988 election cycle, $1,500 for the primary and $1,500 for the general. Furthermore, the 1988 Pre-General Election Report lists an additional $100 contribution from Respondent.

Therefore, this Office recommends that the Commission find there is probable cause to believe that Mike Schweitzer made $1,100 in excessive contributions to the Committee during the 1988 election cycle, $500 for the primary and $600 for the general, in violation of 2 U.S.C. § 441a(a)(1)(A).

III. **RECOMMENDATION**

1. Find there is probable cause to believe that Mike Schweitzer violated 2 U.S.C. § 441a(a)(1)(A).

9/13/90
Date

Lawrence M. Noble
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

June 13, 1990

Erringer Professional Building
c/o Gallegly for Congress
1791 Erringer Road #201
Simi Valley, CA 93065

RE: MUR 3008
Erringer Professional
Building

Dear Sir/Madam:

Based on an inquiry from Congressman Elton Gallegly on October 19, 1988, regarding outstanding debts, the Commission, on November 14, 1989, found that there was reason to believe that the Erringer Professional Building violated 2 U.S.C. § 441a(a)(1)(A), 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.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) 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 the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

Erringer Professional Building
Page 2

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

Should you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Brief

91040330290

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Erringer Professional Building	)	**MUR 3008**
	)	

GENERAL COUNSEL'S BRIEF

I. <u>STATEMENT OF THE CASE</u>

On November 14, 1989, the Commission found reason to believe that Erringer Professional Building ("Erringer") violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Gallegly for Congress Committee ("the Committee"), the principal campaign committee of Representative Elton Gallegly.

II. <u>LEGAL ANALYSIS</u>

The Federal Election Campaign Act of 1971, as amended the "the Act"), defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal Office." 2 U.S.C. § 431(8)(A). Section 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of persons...." 11 C.F.R. § 100.7(a)(4) states that an extension of credit beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt. Pursuant to 11 C.F.R § 110.1(e), a contribution by a partnership shall be attributed to each partner in proportion to each partner's share of the profits.

Pursuant to 2 U.S.C. § 441a, no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000.

The Commission's reason to believe determinations were based upon the assumption that Erringer is a partnership, with Elton Gallegly, Janice Gallegly, Mike Schweitzer and Marcie Schweitzer as the individual partners. During the 1988 election cycle, the Committee accumulated a $12,000 debt, $6,000 for the primary election and $6,000 for the general election, owed to the Erringer Professional Building for rent on office space and equipment.[1]

The Committee's 1989 Mid-Year Report, the last report available at the time of the Commission's reason to believe determinations, showed a cash on hand balance of $182,191. While it thus appeared that the Committee had sufficient funds to pay off the debt owed to Erringer, it had not done so.

1. The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report.

Additionally, there was no evidence in hand indicating that Erringer had made any commercially reasonable attempts to collect the debt owed by the Committee. Furthermore, in light of the relationship between the parties, the rental arrangement between the Committee and Erringer did not appear to have been an arms-length transaction. The non-payment of rent for Erringer's headquarters therefore appeared to have resulted in excessive in-kind contributions from Erringer and from the individual partners, other than the candidate, to the Committee.

According to answers to interrogatories submitted in this matter, the Erringer Professional Building is not in fact a partnership. Rather, it is jointly owned by Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Elton and Janice Gallegly, husband and wife, own an undivided one-half interest as community property and Mike and Marcie Schweitzer, husband and wife, also own an undivided one-half interest as community property. Therefore, the in-kind contributions for rent should only be divided equally among the joint owners of the Erringer Professional Building. Since Erringer does not exist as a separate entity, this Office recommends that the Commission find no probable cause to believe that the Erringer Professional Building violated 2 U.S.C. § 441a(a)(1)(A).

III. **RECOMMENDATION**

1. Find there is no probable cause to believe that that the Erringer Professional Building violated 2 U.S.C. § 441a(a)(1)(A).

Date 6/13/90

Lawrence M. Noble
General Counsel

OGC 6711

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

WILEY, REIN & FIELDING

90 JUN 25 AM 10:30

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN WITOLD BARAN
(202) 429-7330

FACSIMILE
(202) 429-7049
TELEX 248349 WYRN UR

June 22, 1990

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Mary Ann Bumgarner

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 JUN 25 PM 1:27

Re: MUR 3008 (Gallegly for Congress and D. Frank Norton, as Treasurer; Janice Gallegly; Marcie Schweitzer; Mike Schweitzer)

Dear Mr. Noble:

I am in receipt of your letter of June 13, 1990 notifying me that the General Counsel's Office is prepared to recommend that the Commission find probable cause to believe that the above-named Respondents may have violated the Federal Election Campaign Act of 1971, as amended and enclosing a General Counsel's Brief for each Respondent in Matter Under Review 3008.

Responsive briefs are currently due on June 29, 1990. In order to fully confer with Respondents in California with respect to this Matter, I respectfully request a twenty-day extension of time to and including July 19, 1990 within which to respond.

Your favorable consideration of this request will be appreciated.

Sincerely,

J. Baran

Jan Witold Baran

cc: D. Frank Norton, Jr.
Janice Gallegly
Marcie Schweitzer
Mike Schweitzer

9104033295

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 28, 1990

Jan W. Baran, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 3008
Gallegly for Congress and
D. Frank Norton, as
treasurer
Janice Gallegly
Marcie Schweitzer
Mike Schweitzer

Dear Mr. Baran:

This is in response to your letter dated June 22, 1990, which we received on June 25, 1990, requesting an extension of 20 days to respond to the General Counsels' Briefs in the above-cited matter. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on July 19, 1990.

If you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Anne A. Weissenborn
Assistant General Counsel

OGC 6994

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

90 JUL 19 PM 3:49

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN WITOLD BARAN
(202) 429-7330

July 19, 1990

FACSIMILE
(202) 429-7049
TELEX 248349 WYRN UR

The Honorable Marjorie W. Emmons
Commission Secretary
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3008 (Gallegly for Congress and D. Frank Norton, as Treasurer; Janice Gallegly; Marcie Schweitzer; Mike Schweitzer)

Dear Madame Secretary:

Enclosed please find Respondents' Brief and ten copies in the above-captioned matter filed pursuant to 11 C.F.R. § 111.16(c).

Sincerely,

Jan Witold Baran

cc: D. Frank Norton, Jr.
Janice Gallegly
Marcie Schweitzer
Mike Schweitzer
Lawrence M. Noble, Esquire

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gallegly for Congress and	)	MUR 3008
D. Frank Norton Jr., as Treasurer	)	
Janice Gallegly; Marcie	)	
Schweitzer; Mike Schweitzer	)	

RESPONDENTS' BRIEF

Gallegly for Congress and D. Frank Norton, Jr., as Treasurer; Janice Gallegly; Marcie Schweitzer; and Mike Schweitzer hereby file this Respondents' Brief in response to the General Counsel's Briefs of June 13, 1990 in Matter Under Review ("MUR") 3008. The General Counsel's Briefs recommend that the Commission find probable cause to believe that Respondents violated the Federal Election Campaign Act of 1971, as amended ("Act"). Respondents urge the Commission to take no further action with regard to this Matter.

Facts

The General Counsel's Report states the facts as follows: "During the 1988 election cycle, Gallegly for Congress accumulated a $12,000 debt, $6,000 for the primary election and $6,000 for the general election, owed to Erringer [Professional Building] for rent on office space and equipment." These figures apparently were derived from a facial analysis of the Committee's reports. In a footnote, the General Counsel's Brief states that "The Committee reports a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report." The Erringer Professional Building is a building owned jointly by Elton W. Gallegly and Janice L. Gallegly, and by Mike Schweitzer and Marcie Schweitzer. Thus, the Reports conclude that "[e]ach owner's share of the $12,000 contribution made to Respondent was apparently $3,000 for the 1988 election cycle, $1,500 for the primary and $1,500 for the general."[1] On this basis, the General Counsel's Brief recommends that the Commission find probable cause to believe that the Committee accepted excessive contributions, and that each of the individual owners of the Erringer Professional Building, other than Elton Gallegly, made excessive contributions.

---

[1] Respondents dispute the General Counsel's analysis of the debt as an accounting matter. The General Counsel's Office has examined the figures identified on the Committee's pre-primary and post-election reports and has based the amount of the excessive contributions on those reports. The General Counsel's Brief does not take into consideration the actual date of the primary or the general elections in order to calculate the debt, thereby including the amount of rent accumulated after the election as part of the debt. Further, the General Counsel's Brief does not consider that each of the individuals could have attributed any portion of the 1988 debt accumulated prior to the primary as a contribution to the general election, therefore eliminating any excessive contribution in the primary. This, in combination with the fact that the individuals could have contributed to the 1986 primary debt through this owed rent, as discussed below, would effectively have eliminated any possible excessive contribution.

As shown below, this bland recitation of the facts does not adequately reflect the circumstances under which this case arose, which are significant.

Background

The circumstances which gave rise to this case are relevant to the Commission's resolution of this matter. Of the utmost importance is the fact that the Committee, in consultation with the Commission, has always sought to comply fully with the Act; has asked for the guidance of Commission officials; and has acted in accordance with that guidance.

Initially, in 1986, the Gallegly for Congress Committee wrote the Commission informing the Commission that it would like to report the Committee's rent as a debt, and explaining that the Erringer Professional Building was owned by the Galleglys and another couple. The letter concluded "[w]ould you please send us something in writing that the foregoing would be the proper way to report [the debt]. . . ." While the Commission did not respond in writing, the General Counsel's Office responded with a telephone call and informed the Committee that it should report the rent on Schedule D. Letter of March 12, 1986 and contemporaneous memorandum of March 17, 1986 regarding response from the FEC; Attachment 1. The rent was reported as such.

Throughout the duration of the 1987-1988 election cycle the Committee reported the rent as a debt to the Erringer

Professional Building on Schedule D of its FEC reports in accordance with the above advice. In October 1988, the Congressman himself spoke with the FEC's Staff Director and requested that he confirm that the debt in question in this matter was being appropriately reported, which the Staff Director did. On this occasion, however, the Staff Director suggested that while the Committee's reports were proper and in order there might be a problem concerning the length of the debt.[2]

The Congressman, understandably alarmed by this new information, wrote the Commission that very same day, October 19, 1988, and relayed his conversation to the General Counsel. Attempting to ensure that this Committee was in full compliance with the law, the Congressman sought the Commission's advice, stating

> even though I have been advised of the appropriateness of my report by the FEC staff, I do not want to be in technical violation of any FEC regulation.
>
> I would greatly appreciate your immediate attention to this matter in order to properly and expeditiously resolve this question.

<u>See</u> letter of October 19, 1988 at Attachment 2. Meanwhile, the Committee continued to report the Debt in compliance with the law and never received a request for additional information regarding the debt.

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2 The Reports Analysis Division was apparently satisfied that the Committee was complying with the Act for it never raised a question concerning the length of the debt.

The Commission did not respond to his letter until eight months later, on June 21, 1989. At that time, the Staff Director informed the Congressman that "you need take no action on this matter" until he heard further from the Commission. <u>See</u> Attachment 3. Thus, the Committee has always acted with the Commission's guidance on this matter, and its goal has always been full compliance with the law. This remains the objective.

The Congressman did not hear from the Commission again until November 22, 1989 at which point the Committee was informed that the Commission had found reason to believe a violation had occurred "in order to resolve this matter." At this point, the Committee has responded fully to the Commission's inquiry and the General Counsel's Office has decided to pursue what it believes to be a violation by the Committee, as well as by three of the four individuals who own the Erringer Professional Building.

<u>Payment of the Debt</u>

Despite the fact that the Committee was directed by the FEC Staff Director not to take any action with regard to this debt, the Committee believes it imperative to put this matter behind it. Thus, to the extent that this outstanding debt is still owing, the Committee has now issued a check to the Erringer Professional Building for the full amount of the rent. A copy of this check can be found at Attachment 4. To the extent that the Commission believed compliance was necessary, the Committee no longer owes the debt which was the subject of this Matter.

1986 Primary Debt

The General Counsel's Briefs state that Respondents chose not to enter into pre-probable cause conciliation by letter dated March 6, 1990. That letter was written in response to an inquiry from the General Counsel's Office regarding whether Respondents wanted to enter into pre-probable cause conciliation. Realizing the General Counsel's Office intended to pursue a finding of probable cause despite the immense equities in favor of the Committee, the letter specifically informed the General Counsel's Office that the Gallegly for Congress Committee had a 1986 primary debt up through the first quarter of 1988 and requested the General Counsel's Office "to consider this information in evaluating whether to recommend that the Commission find probable cause to believe a violation has occurred." The General Counsel's Briefs inexplicably make no reference to this 1986 primary debt nor its effect on this situation.

It is undisputed that the regulations permit an individual to designate a contribution toward debt retirement. Thus, each one of the individuals involved in this Matter could have designated up to $1,000 in owed rent, (now attributed to them as a contribution) to the Committee's

1986 debt retirement effort had they known that the Commission would treat the debt to the Erringer Professional Building as a contribution by each individual. This designation would have wiped out any allegedly excessive contributions.

<u>Conclusion</u>

This case is not about numbers, its about equities. The Committee has always attempted to comply with the law, believed it was in compliance, and thought that it achieved compliance with the Commission's guidance. The Congressman himself has taken an active interest in this matter by conferring with the Commission's Staff Director and by himself bringing this matter to the attention of the General Counsel's Office. Unfortunately, because the Congressman requested assistance, his Committee became the subject of a MUR under the guise of providing that requested help. Moreover, he was told to do nothing until he got that help.

Nonetheless, the Committee has paid the debt and compliance has been achieved. Respondents desire to bring this matter to a rapid conclusion and believe that the Commission must share in this desire. Given all of the above circumstances, the relatively small amount in question, and the Committee's undisputed good intentions, the Commission would be justified in finding no probable cause to believe a violation occurred. But whatever finding the Commission makes regarding probable cause, it should take no further action with regard to this matter.

Sincerely,

Jan Witold Baran

Carol A. Laham

Carol A. Laham

Counsel to Gallegly for Congress and D. Frank Norton, Jr., as Treasurer; Janice Gallegly; Marcie Schweitzer; and Mike Schweitzer.

July 19, 1990

(1)

Elton Gallegly for Congress

March 12th, 1986

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

Reference: Future Reporting of FEC Report, 114302 for Candidate, Elton Gallegly 21st Congressional District

Gentlemen:

On the past two FEC reports submitted for Elton Gallegly, Mr. Gallegly made In-Kind contributions of office space and equipment.

On our next report, Mr. Gallegly would like to list the office rental space and equipment under Schedule D, Debts & Obligations, so that if there was an excess of funds at the end of the campaign, he would have the option of paying himself back.

The rent for the office space is being paid by Dynamic Realty (which Mr. Gallegly is the sole proprietor of) and is being paid to the Erringer Professional Building, which Mr. and Mrs. Gallegly are half owners in with another couple.

Naturally the rent would be beginning January 1st, 1986 and there is another office of equal size which we are using to base the rent on. Would you please send us something in writing that the foregoing would be the proper way to report it and that there would be no conflict of interest.

Sincerely,

Keni Langberg

Keni Langberg
Bookkeeper

3-17-86

Tom White with the FEC called at 9 am on March 17 regarding the letter we had sent. He said that we should report the rent on Schedule D. The FEC will not put it in writing. The only thing they do put into writing are advisory opinions and those take 3 months to process.

91040330307

(2)

Re-elect
Elton
Gallegly
To Congress

October 19, 1988

Mr. Larry Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Mr. Noble:

As you may be aware, I spoke with Mr. John Serena of your staff today about a question which has been asked regarding an unpaid obligation listed on my FEC report. This obligation was for office space for campaign purposes in a building owned by myself, my wife and another couple.

I am extremely conscientious as to ensuring that reporting requirements are met, to the letter, of FEC regulations. In this regard, I asked your staff to review my report and was assured that all filings were in order and proper.

There has today arisen a question, however, as to the length of time this one referenced obligation has been outstanding in relation to technical FEC regulations. I would greatly appreciate your review of this situation and your opinion on whether this outstanding obligation is acceptable to the FEC. Based upon what I have stated herein, even though I have been advised of the appropriateness of my report by the FEC staff, I do not want to be in technical violation of any FEC regulation.

I would greatly appreciate your immediate attention to this matter in order to properly and expeditiously resolve this question.

Sincerely,

Elton Gallegly
Member of Congress

EG:ms

cc: John Serena

9 1 J 4 0 3 3 0 3 0 3

3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

June 21, 1989

The Honorable Elton Gallegly
House of Representatives
Washington, D. C. 20515

Dear Congressman Gallegly:

This letter serves to acknowledge that the Commission is still considering the matter that you brought to our attention in October of 1988. Until you receive a written determination from the Commission as to whether there has been a "reason-to-believe" finding and review the accompanying legal and factual analysis, you need take no action on this matter. I anticipate you will be receiving word of that determination before too long.

Sincerely,

Tom Surina

John C. Surina
Staff Director

(4)

GALLEGLY FOR CONGRESS
D. FRANK NORTON, TREASURER
805-522-4487
1791 ERRINGER RD., NO. 204
SIMI VALLEY, CA 93065

No. 2968

6-27- 1990

90-3831/1222

Pay to the order of Erringer Professional Building $ 13,875.00

Thirteen thousand eight hundred seventy five & no/100 DOLLARS

Simi Valley Bank
1475 Los Angeles Ave.
Simi Valley, California 93065

MEMO payment in full of rent debt

Elton L. Gallegly

⑆122238310⑆ 2968⑈ 001⑈016296⑈

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FEDERAL ELECTION COMMISSION
SECRETARIAT

91 JAN 24 AM 10:48

SENSITIVE

EXECUTIVE SESSION

FEB - 5 1991

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gallegly for Congress and D. Frank Norton, Jr., as treasurer,	)	MUR 3008
Erringer Professional Building	)	
Janice Gallegly	)	
Marcie Schweitzer	)	
Mike Schweitzer	)	

GENERAL COUNSEL'S REPORT

I. **BACKGROUND**

On November 14, 1989, the Commission found reason to believe that Janice Gallegly, Marcie Schweitzer and Mike Schweitzer ("Respondents") and the Erringer Professional Building violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Gallegly for Congress Committee (the "Committee"). On the same date, the Commission also found reason to believe that Gallegly for Congress and D. Frank Norton, Jr., as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive contributions.[1]

The Commission's reason to believe determinations resulted from the reporting of a debt by the Committee for the rental of an office and office equipment for campaign purposes. The debt was reported as owed to the Erringer Professional Building, which at the time of the reason to believe determinations, was incorrectly believed to have been a partnership, with the respondents as the individual partners. Based on the evidence

1. All Respondents are being represented by the same counsel in this matter.

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at the time, it appeared that the rental value of the Committee headquarters, totaling $12,000 during the 1988 election cycle, was an excessive in-kind contribution from the Erringer Professional Building and its individual partners to the Committee. However, based on the evidence presently available, it appears that the rental value of the Committee's headquarters was instead an excessive in-kind contribution from the individual respondents to the Committee.

General Counsel's Briefs were sent to Respondents on June 13, 1990 and a response was received on July 19, 1990.

II. <u>ANALYSIS</u> (The General Counsel's Briefs are incorporated herein by reference)

A. <u>The Law</u>

The Federal Election Campaign Act of 1971, as amended the (the "Act"), provides that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a. 2 U.S.C. § 441a(f) states that no candidate or political committee shall knowingly accept any contribution in violation of the contribution limits set forth in Section 441a.

The Act defines the term "contribution" as "any gift, subscription, loan, advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal Office." 2 U.S.C. § 431(8)(A). 11 C.F.R. § 100.7(a)(4) states that an extension of credit beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt. Section 431(11) defines the term "Person" as an "individual, partnership, committee, association, corporation, labor organization or any other group of persons . . .." Pursuant to 11 C.F.R § 110.1(e), a contribution by a partnership shall be attributed to each partner in proportion to each partner's share of the profits.

B. <u>Erringer Professional Building</u>

The Committee sent the Commission a letter indicating it would like to list the cost of its office rental space and equipment as a debt on its Schedule D. Based on this letter, it was believed the Erringer Professional Building ("Erringer") was a partnership, with candidate Elton Gallegly, his wife Janice Gallegly, and another couple Mike and Marcie Schweitzer as the individual partners. During the 1988 election cycle, Gallegly for Congress accumulated a $12,000 debt, $6,000 for the primary election and $6,000 for the general election, owed to Erringer for the rent on office space and equipment.[2] According to answers to interrogatories dated January 2, 1990 (Attachment I), the Committee was charged $250 per month for rent during 1987 and $750 per month for rent during 1988.

The Committee's 1989 Mid-Year Report, the last report available at the time of the Commission's reason to believe determinations, showed a cash on hand balance of $182,191.

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2. The Committee reported a $6,000 debt owed to Erringer in the 1988 Pre-Primary Election Report filed in May, 1988, and an additional $6,000 debt owed in the 1988 Year End Report.

While it thus appeared that the Committee had sufficient funds to pay off the debt owed to Erringer, it had not done so. Additionally, there was no evidence in hand indicating that Erringer had made any commercially reasonable attempts to collect the debt owed by the Committee. Furthermore, in light of the close relationship between the parties, the rental arrangement between the Committee and Erringer did not appear to have been an arms-length transaction. The rental value of the Committee headquarters therefore appeared to have been excessive in-kind contributions from Erringer and from the individual partners, other than the candidate, to the Committee, not a business arrangement resulting in debts owed by the Committee.

According to answers to interrogatories, the Erringer Professional Building is not in fact a partnership. Rather, it is jointly owned by Elton Gallegly, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer. Elton and Janice Gallegly, husband and wife, own an undivided one-half interest as community property, and Mike and Marcie Schweitzer, husband and wife, also own an undivided one-half interest as community property. Therefore, the in-kind contributions totaling $12,000 should only be divided equally among the joint owners of the Erringer Professional Building. Based on the new information that Erringer does not exist as a separate entity, this Office recommends that the Commission find no probable cause to believe that the Erringer Professional Building violated 2 U.S.C. § 441a(a)(1)(A).

C. **Individual Respondents and the Committee**

According to the answers to interrogatories, the amount of rent charged the Committee was consistent with the rent charged other tenants in the building for similar square footage at the time the campaign took possession of the office space. Therefore, it does not appear that the Committee was charged any less for rent based on the relationship of the parties involved. Rather, the $12,000 charge was the fair market value. Thus, no in-kind contributions in the form of rent discounts apparently occurred. However, as discussed in the General Counsel's Briefs at 4, the individual owners of the building (other than the candidate Elton Gallegly) still made excessive contributions to the campaign in connection with the unpaid rent. Each owner's share of the $12,000 contribution made to the Committee was apparently $3,000 for the 1988 election cycle -- $1,500 for the primary and $1,500 for the general.[3] None of the reports filed with the Commission by the Committee list any additional contributions from either Janice Gallegly or Marcie Schweitzer in 1987-88; however, the 1988 Pre-General Election Report lists a $100 contribution from Mike Schweitzer.

In the response to the General Counsel's Briefs (Attachment II), counsel for Respondents argues that the Commission should take no further action in this matter based

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3. The Committee reports show a $6,000 debt owed to Erringer at the time of the primary election, and a $12,000 debt owed to Erringer at the time of the general election.

on the equities involved. Counsel for Respondents states that the Committee has always sought to comply fully with the Act and not only has asked for guidance of Commission officials, but has acted in accordance with that guidance. According to Counsel, in 1986 the Committee wrote to inform the Commission it would like to report the Committee's rent as a debt. Counsel then states that the "General Counsel's Office" informed the Committee by telephone that it should report the rent on Schedule D of its FEC reports. During the 1987-88 election cycle the Committee therefore reported the rent as a debt to the Erringer Professional Building on Schedule D. Counsel further states that in October 1988, the Congressman himself spoke with the FEC's Staff Director and requested confirmation that the debt in question was being appropriately reported. According to Counsel, the Staff Director confirmed the debt was being appropriately reported, but expressed concern over the length of time the debt had been outstanding.

Congressman Gallegly then wrote this Office in order to relay the conversation with the Staff Director and to ensure that the Committee was in compliance with the law. On June 21, 1989, the Congressman received a letter from the Staff Director stating that until a written determination was received as to whether there was a reason to believe finding, no further action by the Committee was required. Thus, Counsel asserts that the Committee has consistently acted within the Commission's guidance in this matter.

Respondents' Brief also reiterates an argument which was set out in a letter dated March 6, 1990 (Attachment III) concerning the Committee's 1986 primary debt. Counsel argues that if the individuals involved had known at the time that the Commission would treat the debt to the Erringer Professional Building as a contribution, the individuals could have designated a portion of their contributions to the Committee's 1986 debt retirement effort, thereby totally preventing the violation. Counsel further states that the Committee has now issued a check to the Erringer Professional Building for the full amount of the rent at issue. See Attachment II.

In response to the Committee's arguments, while it is true that the Committee did attempt to determine whether the reporting of the rent as a debt was appropriate, the memorandum of the conversation submitted by counsel for respondents (Attachment II at 10) itself indicates that they were cautioned that this Office's informal advice was not binding upon the Commission, See 2 U.S.C. § 437f(b), and that if respondents wanted a definitive response, they could request an advisory opinion. In this regard, it must be emphasized that the Committee did not follow up on this matter until October 1988, 2 years after the initial inquiry. Even then, Congressman Gallegly did not seek an advisory opinion. Instead he merely contacted the Commission's Staff Director and wrote this Office concerning the reporting of this debt. While counsel for respondents is correct that this latter correspondence was the impetus for this enforcement action, this fact does not obviate the violations. Instead, it is merely a mitigating factor which may be taken into account in setting the civil penalty.

As to the Committee's argument concerning the 1986 Primary Debt, while each of the individuals could have designated up to $1,000 in owed rent to the Committee's 1986 debt retirement, they did not do so. Therefore, the non-payment of rent results in excessive in-kind contributions. Further, although the Committee has now paid the full amount of the rent owed, this payment did not occur until June 27, 1990 and appears to have been pursuant to this Office's investigation in this matter.

Based on the foregoing reasons, this Office recommends that the Commission find there is probable cause to believe that Janice Gallegly and Marcie Schweitzer each made $1,000 in excessive contributions to the Committee during the 1988 election cycle, $500 for the primary and $500 for the general, and that Mike Schweitzer made $1,100 in excessive contributions to the Committee during the 1988 election cycle, $500 for the primary and $600 for the general, in violation of 2 U.S.C. § 441a(a)(1)(A). This Office also recommends that the Commission find there is probable cause to believe that Gallegly for Congress and D. Frank Norton, Jr., as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive contributions totaling $3,100 from Janice Gallegly, Marcie Schweitzer and Mike Schweitzer, $1,500 for the primary and $1,600 for the general.

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTIES

Attached for the Commission's approval are proposed conciliation agreements with Janice Gallegly, Marcie

Schweitzer, Mike Schweitzer and Gallegly for Congress and D. Frank Norton, as treasurer.

IV. **RECOMMENDATIONS**

1. Find there is no probable cause to believe that Erringer Professional Building violated 2 U.S.C. § 441a(a)(1)(A).

2. Find there is probable cause to believe that Janice Gallegly, Marcie Schweitzer and Mike Schweitzer violated 2 U.S.C. § 441a(a)(1)(A).

3. Find there is probable cause to believe that Gallegly for Congress and D. Frank Norton, Jr., as treasurer, violated 2 U.S.C. § 441a(f).

4. Approve the attached proposed conciliation agreements and appropriate letters.

1/23/91
Date

Lawrence M. Noble
General Counsel

Attachments
1. Answers to interrogatories dated January 2, 1990.
2. Respondents' Brief.
3. Letter dated March 6, 1990.
4. Conciliation agreements.

Staff Assigned: Mary Ann Bumgarner

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Gallegly for Congress and D. Frank Norton, Jr., as treasurer; Erringer Professional Building Janice Gallegly; Marcie Schweitzer; Mike Schweitzer.	)	MUR 3008

CERTIFICATION

I, Hilda Arnold, recording secretary for the Federal Election Commission executive session on February 5, 1991, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions with respect to MUR 3008:

1. Reject the recommendations of the Office of the General Counsel and take no further action and close the file with respect to MUR 3008.

2. Send a letter to Congressman Gallegly and the four respondents explaining what the violation was.

Commissioners Aikens, Elliott, McDonald, McGarry and Thomas voted affirmatively for the decision; Commissioner Josefiak dissented.

Attest:

2-11-91
Date

Hilda Arnold
Hilda Arnold
Administrative Assistant

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 21, 1991

The Honorable Elton Gallegly
107 Cannon House Office Building
Washington, D.C. 20515

RE: MUR 3008

Dear Congressman Gallegly:

This is in response to your letter to the Commission dated October 19, 1988, inquiring as to outstanding debts by the Gallegly for Congress Committee for rent on office space and equipment. As a result of your letter, the Commission opened MUR 3008 and instituted an investigation into this matter.

After considering the circumstances of the matter, the Commission determined on February 5, 1991, to take no further action against the respondents and closed the file. The file will be made a part of the public record within 30 days.

The Commission reminds you that the debt owed to the Erringer Professional Building by the Gallegly for Congress Committee for rent on office space and equipment results in excessive in-kind contributions because it appeared that the Committee had sufficient funds to pay off the debt owed to Erringer, there is no evidence indicating that Erringer made any commercially reasonable attempts to collect the debt owed by the Committee, and in light of the relationship between the parties involved, the rental arrangement between Erringer and the Committee does not appear to have been an arms-length transaction. Thus, the non-payment of rent for the Committee headquarters appears to be in violation of the Act. You should take immediate steps to insure that this activity does not occur in the future.

If you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 21, 1991

Mr. Jan W. Baran, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 3008
Gallegly for Congress
and D. Frank Norton, as
treasurer
Janice Gallegly
Marcie Schweitzer
Mike Schweitzer

Dear Mr. Baran:

On November 22, 1989, your clients, Gallegly for Congress and D. Frank Norton, as treasurer, were notified that the Federal Election Commission found reason to believe that they had violated 2 U.S.C. § 441a(f). On that same date, your clients Janice Gallegly, Marcie Schweitzer and Mike Schweitzer were notified that the Commission found reason to believe they had violated 2 U.S.C. § 441a(a)(1)(A). On January 2, 1990, you submitted a response on behalf of your clients to the Commission's reason to believe findings in this matter. Subsequently, on June 13, 1990, your clients were notified of the General Counsel's intent to recommend to the Commission findings of probable cause to believe. On July 19, 1990, you submitted a responsive brief on behalf of your clients.

After considering the circumstances of the matter, the Commission determined on February 5, 1991, to take no further action against Gallegly for Congress and D. Frank Norton, as treasurer, Janice Gallegly, Marcie Schweitzer and Mike Schweitzer and closed the file. The file will be made part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

Jan W. Baran
Page 2

If you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3008

DATE FILMED 2/27/91 CAMERA NO. 4

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