FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

THIS IS THE BEGINNING OF MUR # 3020

DATE FILMED 12-27-94 CAMERA NO. 2

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OFFICE OF GENERAL COUNSEL
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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MJ000475

January 9, 1990

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: FRIENDS OF GARY HART - 1988, INC.
MATTERS REFERRED TO THE OFFICE OF
GENERAL COUNSEL

Attached please find Exhibits A through G which were approved by the Commission on January 9, 1990 for referral to your office.

If you wish to review workpapers or have any questions regarding these matters, please contact Rick Halter or Ray Lisi at 376-5320.

Attachments as stated

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Sale of Fundraising Assets

Section 441b(b)(2) of Title 2, United States Code states, in relevant part, that the term "contribution" shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in section 441b.

In addition, Section 441b(a) of Title 2, United States Code states, in relevant part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to any political office.

In March of 1987, the Committee received a contribution of 50 silver belt buckles from a craftsman*/ for use as a fundraising item. The 50 buckles, one for each state of the Union, incorporated Gary Hart's autograph on the back. After the candidate withdrew from the race the first time on May 7, 1987, the Committee elected to sell them as a group to the Democratic Congressional Campaign Committee (D.C.C.C.). The Committee representative stated that the Committee was winding down at the time and considered the sale a disposal of fundraising assets. A contract was prepared and a purchase price of $40,000 was agreed upon. On November 4, 1987 the D.C.C.C. paid the Committee $10,000 with a check drawn on its Non-Federal Account No. 1. On December 3, 1987 the D.C.C.C. made a second payment of $10,000 using a check drawn on the same account. The balance of $20,000 remained unpaid as of the close of audit fieldwork (6/30/88).

The Committee representative stated that the D.C.C.C. was withholding the rest of the agreed purchase price. The D.C.C.C. was alleging that Senator Hart's reentry into the presidential primary race on December 15, 1987 constituted a breach of contract as it had irrevocably impaired the resale value of the belt buckles. As of the close of fieldwork the matter remained unresolved.

It is the opinion of the Audit staff that in view of the fact that the funds received came from an account specifically designated "Non-Federal", the $20,000 in payments received by the Committee from the D.C.C.C. resulted in acceptance of a prohibited contribution.

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*/ According to reports filed by the Committee, the cost of materials was donated to the Committee as a joint contribution of $2,000 (net of $500 refund) by the craftsman and his wife.

In the interim audit report, the Audit staff recommended that within 30 days of the date of service of this report, the Committee submit evidence demonstrating that the $20,000 received from the D.C.C.C. is not a prohibited contribution or issue a refund check and provide a copy, both front and back, of the negotiated refund check to the Audit staff. If the Committee refunds the $20,000 received from the D.C.C.C., it should obtain the return of the remaining belt buckles and the proceeds from the sale of any belt buckles sold.

In addition, the Committee should make contact with the craftsman and obtain from him documentation relating to the cost of producing the belt buckles, and forward the documentation to the Audit staff. Finally, the Audit staff noted that further recommendations may be forthcoming.

The Committee's response was received on April 17, 1989 (see Attachment 1) and supplemented on August 7, 1989 (see Attachment 2).

In its April 17, 1989 response, the Committee provided background on the transaction in question. The Committee noted that when the DCCC failed to pay the remaining $20,00 due under the contract, it returned 25 belt buckles to the Committee. In addition, the Committee set forth its position regarding the transaction and the action taken in response to the interim report recommendation:

> "The Interim Audit Report incorrectly construes these two payments as contributions. Certainly, if these amounts were contributions, the fact that they were drawn on an account specifically designated "Non-Federal" would indeed result in the acceptance of a prohibited contribution. However, the checks were not contributions, they were payments in performance of a contract of sale, for valuable goods which had already been delivered.
>
> FOGH strongly denies that this transaction represents the "acceptance of a prohibited contribution." Rather, FOGH asserts that the transaction was, as has been reported, the sale of assets made in the normal course of its winding-down activities.
>
> Nonetheless, after reviewing the recommendation contained in the Interim Audit Report, and after lengthy conversations with FEC staff members and protracted negotiations with DCCC, FOGH has consummated an agreement with the DCCC which effectively rescinds the initial contract of sale. A copy of this agreement is included in Exhibit 1. Under the terms of this

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agreement, the parties agree to terminate the November 2 agreement. FOGH shall pay $20,000.00 to DCCC and DCCC shall return the remaining 25 belt buckles to FOGH."

In its response, the Committee provided a photocopy of a 10/5/88 letter from the craftsman in which he states "As I previously informed the campaign, the intrinsic value, i.e., the cost of producing those buckles, was $2,500.00, representing an in-kind contribution of the same amount to the Hart presidential campaign." Thus, it appears that the cost of the materials relative to the 50 belt buckles was $2,500.00.

The Committee in its supplemental response of August 7, 1989, provided a photocopy of the $20,000 cashier's check and various correspondence related to the Committee's disposition of this issue. Of note, according to the Committee, when the DCCC forwarded the remaining belt buckles on April 19, 1989, one belt buckle was missing. After discussions, the parties agreed that DCCC would compensate the Committee $1,500 for the missing buckle. According to the Committee, as of July 31, 1989, it had not received the $1,500 payment but expected the amount will be paid from permissible funds and will forward a photocopy of the DCCC check upon receipt. A photocopy of the 8/2/89 check in the amount of $1,500 was received December 12, 1989. The DCCC reported this transaction on its report covering 8/1 - 8/31/89.

Conclusion

Although the Committee has essentially "reversed" the transaction, the fact remains that the Committee could not avail itself of the special provisions contained at 11 C.F.R. §9034.9(b) (see Comments on the Proposed Interim Audit Report -- Friends of Gary Hart - 1988, Inc. (LRA #316, AR #88-38, dated 11/1/88, pages 1-5)); and the transaction must be viewed under 11 C.F.R. §9034.9(a) which requires adherence to the Act's limitations and prohibitions.

In the Audit staff's opinion the Committee accepted and the DCCC made a prohibited contribution in the amount of $20,000.

Recommendation #1

It is recommended that this matter be referred to the Office of General Counsel in accordance with Commission approved Materiality Thresholds.

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FRIENDS OF GARY HART 1988

April 13, 1989

Mr. Robert Costa
Audit Division
Federal Election Commission
999 E. St. NW
Washington, DC 20463

Re: Friends of Gary Hart -- 1988, Inc.
Committee C00214452

Dear Mr. Costa:

Enclosed is the third and final installment of the response of Friends of Gary Hart -- 1988, Inc. to the Interim Audit Report. This installment addresses only recommendation 1, the only item not yet covered in our previous installments dated February 27, 1989 and March 25, 1989.

FOGH has requested, and the FEC has granted an extension to April 17, 1989 for responding to this single recommendation.

Sincerely,

Mr. Stephen D. Alfers
Treasurer

2043604033

1600 DOWNING STREET
DENVER, COLORADO 80218
(303) 894-1988

Paid for by Friends of Gary Hart 1988

RESPONSE BY FRIENDS OF GARY HART – 1988, INC. TO RECOMMENDATION 1 OF THE INTERIM REPORT OF THE AUDIT DIVISION OF THE FEDERAL ELECTION COMMISSION

With this document, Friends of Gary Hart – 1988, Inc. ("FOGH" or "Committee") completes its response to the Interim Report prepared by the Audit Division of the Federal Election Commission ("FEC"). On February 27, 1989, FOGH submitted its response to recommendations 3, 4, 6 and 8 of the report. Then on March 25, 1989, FOGH submitted its response to recommendations 2, 5, 7, and 9 – 17 of the report. Now FOGH submits this report, and the supporting documentation, in response to recommendation 1.

RECOMMENDATION #1

In March of 1987, FOGH accepted a contribution of fifty numbered silver belt buckles made by Representative Ben Nighthorse Campbell. Each buckle was individually autographed by Gary Hart. The initial intent was to use these buckles, one for each state in the Union, for incentives in FOGH's fund-raising efforts.

The intrinsic value of the buckles, as provided by the craftsman, was $2,500.00 which represented an in-kind contribution to the Committee. FOGH refunded $500.00 on November 7, 1987 with its check number 2004. The remainder was reported as in-kind contributions from Ben Nighthorse Campbell and Linda Campbell, each in the amount of $1,000.00.

A letter from Representative Campbell documenting the production of the buckles is included in Exhibit 1.

The plan to use these buckles had not been implemented when the campaign terminated in May of 1987. In the course of its winding-down activities, the Committee disposed of its other assets (e.g. the sale of a photocopier to another presidential committee). In a similar manner, FOGH planned to dispose of these assets by entering into an agreement with the Democratic Congressional Campaign Committee ("DCCC") under which FOGH agreed to sell and DCCC agreed to purchase the belt buckles for $40,000. The negotiations were formalized in a contract of sale dated November 2, 1987, a copy of which is included in Exhibit 1. Paragraph 6 states that the "letter agreement constitutes the whole of the understanding between the DCCC and FGH."

FOGH delivered the fifty belt buckles to DCCC as evidenced by a receipt (entitled "Agreement") signed by John Interrante, a copy of which is included in Exhibit 1.

As noted in the audit report, DCCC made two $10,000.00 payments under this agreement. The payments, dated November 4, 1987 and December 3, 1987 were made in partial performance of the contract of sale, and were reported on Line 21 of its Report of Receipts and Disbursements for the fourth quarter of 1987. When DCCC failed to pay the remaining $20,000.00 due under the contract, it returned 25 belt buckles to FOGH.

The Interim Audit Report incorrectly construes these two payments as contributions. Certainly, if these amounts were contributions, the fact that they were drawn on an account specifically designated "Non-Federal" would indeed result in the acceptance of a prohibited contribution. However, the checks were not contributions, they were payments in performance of a contract of sale, for valuable goods which had already been delivered.

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FOGH strongly denies that this transaction represents the "acceptance of a prohibited contribution." Rather, FOGH asserts that the transaction was, as has been reported, the sale of assets made in the normal course of its winding-down activities.

Nonetheless, after reviewing the recommendation contained in the Interim Audit Report, and after lengthy conversations with FEC staff members and protracted negotiations with DCCC, FOGH has consummated an agreement with the DCCC which effectively rescinds the initial contract of sale. A copy of this agreement is included in Exhibit 1. Under the terms of this agreement, the parties agree to terminate the November 2 agreement. FOGH shall pay $20,000.00 to DCCC and DCCC shall return the remaining 25 belt buckles to FOGH.

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Ben NIGHTHORSE CAMPBELL for Congress
P.O. Box 791
Pueblo, CO 81002

October 5, 1988

Friends of Gary Hart-1988, Inc.
c/o Generation Plus
13255 S. Colorado Boulevard
Suite 504
Denver, CO 80222

To Whom It May Concern:

This letter is to confirm my previous conversations with the Friends of Gary Hart-1988 Inc. presidential campaign concerning belt buckles I created and donated for the benefit of the Hart presidential campaign.

As I previously informed the campaign, the intrinsic value, i.e., the cost of producing those buckles, was $2,500.00, representing an in-kind contribution of the same amount to the Hart presidential campaign.

As you know, the campaign returned by check $500.00 of the contribution, with remainder divided between me and my wife, Linda, who was my managing partner in my jewelry making activities, in equal amounts of $1,000.00, as we requested.

I trust this information is helpful to you.

Sincerely,

Ben Nighthorse Campbell

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DEMOCRATIC
CONGRESSIONAL
CAMPAIGN COMMITTEE

Beryl Anthony, Jr., AR
Chairman

November 2, 1987

John M. Quinn, Esq.
General Counsel
Friends of Gary Hart-1988
1600 Downing Street
Denver, CO 80218

Dear Mr. Quinn:

This represents the contract of sale entered into between Friends of Gary Hart-1988, Inc. ("FGH") and the Democratic Congressional Campaign Committee ("DCCC"). Our understanding is as follows:

1. FGH hereby agrees to sell and DCCC agrees to purchase 50 silver belt buckles designed by Congressman Ben Nighthorse Campbell and etched with the name "Gary Hart" on the reverse side.

2. The purchase price shall be $40,000 to be paid as follows: (i) $10,000 upon delivery of the buckles on November 2, 1987 or as soon thereafter as delivery can be accomplished by FGH; (ii) $10,000 on November 15, 1987; (iii) $10,000 on November 30, 1987, and (iv) $10,000 on December 30, 1987.

3. FGH warrants and represents that it is the legal and rightful owner of these buckles and that consistent with this legal and rightful ownership it transfers full and clear ownership of these buckles to DCCC pursuant to this Agreement.

4. Ownership of the buckles as a lot shall vest in the DCCC upon execution of this contract. Any outstanding balance due to FGH from the DCCC shall be subject to an interest charge of 1.5 percent per month after any such amount is unpaid after 14 days.

5. FGH warrants and represents that it will comply in full with all requirements of the federal law which may be applicable to the Agreement, and it represents and warrants in particular that it will comply with any and all requirements applicable to this Agreement under the Primary Matching Payment Account Act and the reporting requirements of the Federal Election Campaign Act of 1971 as amended. FGH further indemnifies DCCC against any and all costs DCCC may incur as a result of any legal proceeding, investigation, or other inquiry into issues associated with the sale of these buckles under any federal law or regulation.

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6. This letter agreement constitutes the whole of the understanding between the DCCC and FGH. The agreement of the parties to these terms is reflected by the signatures of their authorized agents below.

Sincerely,

Richard Bates
Executive Director

AGREED TO:

John M. Quinn

As counsel to Friends
of Gary Hart - 1988, Inc.

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November 4, 1987

AGREEMENT

I hereby certify that, on behalf of the Democratic Congressional Campaign Committee, I have received on this 4th day of November, 1987, 50 silver belt buckles in accordance with the contract between Friends of Gary Hart-1988 and the Democratic Congressional Campaign Committee dated November 2, 1987.

John Interrante
DCCC

WITNESSES:

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AGREEMENT

This Agreement is entered into this 13 day of April, 1989, by and between the Democratic Congressional Campaign Committee ("DCCC"), whose address for purposes hereof is 1110 Vermont Avenue, N.W., Suite 1200, Washington, D.C. 20005 and Friends of Gary Hart --- 1988, Inc. ("FOGH") whose address for purposes hereof is 370 Seventeenth Street, Suite 4700, Denver, Colorado 80202.

RECITALS

A. FOGH is the principle committee for the candidacy of Gary Hart for President of the United States;

B. FOGH accepted a contribution of 50 silver belt buckles "Flight of Eagles -- The Gary Hart Presidential Edition" by Ben Nighthouse, buckles numbered 1 through 50.

C. Gary Hart withdrew from the presidential race in May of 1987, and thereafter DCCC and FOGH entered into an agreement dated November 2, 1987 (the "November 2 Agreement") under which FOGH agreed to sell and DCCC agreed to purchase the belt buckles for the sum of $40,000;

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D. In performance of that Agreement, DCCC paid $20,000 of the purchase price; and

E. In December of 1987, Gary Hart reentered the presidential race, and the parties have since agreed to rescind the November 2 Agreement.

AGREEMENT

NOW THEREFORE, for a good and valuable consideration, the receipt and sufficiency of which are hereby confessed and acknowledged, the parties agree as follows:

1. Termination of November 2 Agreement. FOGH and DCCC agree to terminate the November 2 Agreement, and each excuses the other from the performance of further obligations thereunder, including any obligations under paragraph 5 thereof. Promptly upon execution hereof, DCCC shall return to FOGH the 25 belt buckles now in its possession, and FOGH shall pay to DCCC the sum of $20,000. DCCC shall arrange for delivery of the belt buckles to the following address:

Friends of Gary Hart --- 1988, Inc.
C/O Stephen D. Alfers, Treasurer
370 Seventeenth Street, Suite 4700
Denver, Colorado 80202

Delivery shall be deemed complete upon actual delivery as set forth in this paragraph 1.

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2. Release. DCCC hereby has remised, released and forever discharged, and by these presents does for itself and its successors and assigns, remise, release and forever discharge FOGH, its predecessors and successors and its present and former affiliates, subsidiaries, parents, assigns, officers, directors, employees, agents and attorneys, successors and assigns, of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands, whatsoever in law or in equity, whether or not well founded in fact or in law and whether or not presently known to DCCC, which against FOGH, DCCC ever had, now has, or can, shall or may have pertaining to or arising out of the November 2 Agreement, and/or the belt buckles.

3. General Provisions.

a. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado.

b. Title Headings. The title headings of the respective articles and sections of this Agreement are inserted for convenience only and shall not be deemed to be a part of this Agreement or considered in construing this Agreement.

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c. Sole Agreement. This Agreement shall constitute the sole understanding of the parties with respect to the subject matter thereof, and no prior written or prior or contemporaneous oral promises, representations or agreements shall be binding upon the parties. No modification or alteration of this Agreement shall be effective unless in writing and executed subsequent to the date hereof by all parties hereto.

d. Further Assurances. The parties hereto agree that they will execute any and all other instruments and will do such acts that may be reasonably necessary or required to carry out and effectuate any and all provisions hereof.

e. Survival. This Agreement shall survive the execution and delivery of the instruments and belt buckles described in paragraph 1 above, and all of the rights and obligations of each of the parties hereto shall continue thereafter in full force and effect until fully performed and discharged.

f. Binding Effect. This Agreement shall be binding upon and inure to the benefit of those parties, their respective successors and assigns.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THE DEMOCRATIC CONGRESSIONAL CAMPAIGN COMMITTEE

By _____

Name ROBERT F. BAUER

Title General Counsel

FRIENDS OF GARY HART - 1988, INC.

By _____
Stephen D. Alfers
Vice President and Treasurer

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EXHIBIT A
Attachment #2
Page 1 of 6

RECEIVED FEC

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AUDIT DIVISION

FRIENDS OF GARY HART 1988

July 31, 1989

Federal Election Commission
Attention: Mr. Rick Halter
999 E. Street N.W.
Washington, DC 20463

Re: Friends of Gary Hart - 1988, Inc.
Committee C00214452

Dear Mr. Halter:

On April 13, 1989 Friends of Gary Hart - 1988 (FOGH), filed the final installment of its response to the Interim Audit Report of the Federal Election Commission.

In its response to Recommendation 1, FOGH noted that it had entered into a new agreement with the Democratic Congressional Campaign Committee (DCCC), rescinding an earlier contract of sale agreement dated November 2, 1987. Under the terms of the new agreement, FOGH was to refund $20,000.00 and DCCC was to return the belt buckles.

FOGH purchased a cashier's check (United Bank of Denver #731909) on April 7, 1989 to fulfill its obligation. However, when DCCC forwarded the buckles on April 19, 1989 one buckle was missing. The attachments detail the ensuing discussions which resulted in an informal agreement under which DCCC would compensate FOGH $1,500 for the missing buckle, which had diminished the value of the remaining 49.

On June 19, 1989, FOGH sent the cashier's check to DCCC, but as of this date has not yet received the $1,500.00 payment from DCCC. We expect that this amount will be paid from funds acceptable by a presidential campaign, and will forward to you a copy of their payment check when it arrives.

Sincerely,

Stephen D. Alfers
Treasurer

Enclosures

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
(303) 894-1988

Paid for by Friends of Gary Hart 1988

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FRIENDS OF GARY HART 1988

May 25, 1989

BY TELECOPY

Mr. Robert Bauer
Democratic Congressional Campaign
Committee
1110 Vermont Avenue, N.W.
Suite 1200
Washington, D.C. 20005

Dear Bob:

Yesterday we were surprised to hear from your secretary. Sadie called to ask why you had not received our cashier's check for $20,000.

I have tried repeatedly to get in touch with you since April. Those efforts have been unsuccessful. In one instance we were left on hold waiting for you -- from 4:35 p.m. until your office closed. Yesterday, your secretary reminded mine how busy you have been. As one who donates many hours to campaign finance issues -- for FOGH and others -- in addition to working for a living, I can surely appreciate your being busy. In any case, let's try again.

FOGH and DCCC entered into an agreement dated April 13, 1989 under which, among other things, DCCC would return to FOGH the 25 belt buckles in its possession, and FOGH would send you a check for $20,000.

We cut the cashier's check on April 7, 1989. I received the belt buckles on April 19, 1989. Unfortunately, as you know, our inventory revealed that one belt buckle is missing. You left a message on about April 21 proposing to reduce the purchase price by $800. I have been trying to reach you ever since by telephone to respond to that proposal. Let me now respond in this letter.

We have two problems with your proposal. First, the Federal Election Commission wants to treat any proceeds of sale of the belt buckles as a contribution. It does us little good to

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withhold money for the missing belt buckle. Since the DCCC paid FOGH out of its non federal account, the FEC would treat the transaction as a corporate contribution, in the amount of the money withheld. Accordingly, whatever adjustment we negotiate should be effected by an exchange of checks.

Second, we need to negotiate the value of the missing buckle. We are limited in those negotiations to $5,000, the maximum amount DCCC might have contributed to the campaign. You have suggested $800 as a price for the missing buckle. We think $800 is too low. We are now missing a single buckle from a set of 50, a fact which diminishes the value of the remaining buckles in the set. Can DCCC pay $5,000 for the missing buckle?

Please let me have your comments at your earliest convenience. I hope we can reach an agreement soon. In the absence of an agreement, I plan to escrow the $20,000 and seek an advisory opinion from the FEC on the matter.

Very truly yours,

Stephen D. Alfers

SDA:meb

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PERKINS COIE
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
1110 VERMONT AVENUE, N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

June 9, 1989

Stephen D. Alfers, Esq.
Davis, Graham & Stubbs
370 Seventeenth Street
Suite 4700
Denver, CO 80202

Dear Steve:

I much appreciate your forbearance in the matter of my continuous absence from the office and concomitant inability to return your phone calls or attend to the buckle belts controversy. But, here we are.

As you were advised by telephone yesterday, I met with Richard Bates in the afternoon and we discussed the missing belt buckle. We are somewhat at a loss to understand the valuation of the buckle, continuing to believe that it is not worth much more than $800. Nevertheless could you live with a payment on the order of $1,000?

We might for appearances' sake be prepared to travel upward to $1,500 should this make your decision any easier. Any higher amount puts us in jeopardy by suggesting to members of the Committee that we may have squandered resources on something which clearly did not carry matching market value.

I am sending this by fax to complete the record and I would hope to hear from you as soon as possible.

Very truly yours,

Robert F. Bauer

RFB:smb

10012

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FRIENDS OF GARY HART 1988

June 19, 1989

BY FEDERAL EXPRESS

Robert Bauer, Esq.
Democratic Congressional Campaign Committee
1110 Vermont Avenue, N.W.
Suite 1200
Washington, D.C. 20005

Dear Bob:

Enclosed please find a certified check in the amount of $20,000 payable to the Democratic Congressional Campaign Committee.

In keeping with your letter of June 9, will you now send FOGH a check for $1,500?

Best regards.

Sincerely,

Stephen D. Alfers

SDA:meb
Enclosure
cc: Bernard Schneider, Esq.
James Downum

24043600449

EXHIBIT A
Attachment #2
Page 6 of 6

United Bank of Denver, National Association
United Bank Center
1700 Broadway
Denver, Colorado 80274

United Bank

Cashier's Check

No. 731909 23-4/1020

Date 04/07/89

Pay To The Order Of DEMOCRATIC CONGRESSIONAL CAMPAIGN COMMITTEE*** $ *****20,000.00

**********20,000*DOLLARS AND*00*CENTS

CUSTOMER'S COPY
COPY - NOT NEGOTIABLE
Authorized Signature

RE: FRIENDS OF GARY HART 1988 INC
DELI BUCKLES

This instrument is payable through United Bank of Denver, National Association. If not paid within 90 days, the amount may be credited to unclaimed property as required by law. Customer assumes no responsibility for loss arising from the non-payment of this instrument. Any claim against the Bank must be made within a reasonable time. The Bank may pay this instrument and charge it to the account of the maker without requiring the signature of the maker or endorsement of the payee. The Bank may charge against the account any item which it has paid if the item was bearer paper or was payable to the order of the person whose signature appears as maker. The Bank may supply a substitute check for any check lost, destroyed or stolen. The substitute check will be identified as a substitute check. The substitute check will be the legal equivalent of the original check. The Bank will be liable for the amount of the substitute check but not more than the amount of the original check. The Bank will be liable for interest on the amount of the substitute check from the date the original check was presented to the Bank for payment. The Bank will be liable for interest on the amount of the substitute check from the date the original check was presented to the Bank for payment. The Bank will be liable for interest on the amount of the substitute check from the date the original check was presented to the Bank for payment.

United Bank of Denver
National Association
1700 United Bank Center, Denver, Colorado 80274

Checking			ADVICE, OF DEBIT		
Date 4/7/89	Made By Cornelius	Ext. 6159	Dept. No. 1240	Approved By	Dept. No.

Explanation: Purchase cashiers check

Account Name	Offsetting Account No.	Offsetting Account Title
Friends of Gary Hart 1988 Inc.	CC.	

Account No. 740901 Amount $ 20,000.00

:102000076:

Receipt of Excessive Contributions

Under 2 U.S.C. § 441a(a)(1) a person is prohibited from making contributions to a candidate and his authorized political committee with respect to any election for Federal Office which in the aggregate, exceed $1,000.

The Audit staff's review of contributions revealed that the Committee received amounts totaling $40,263.36 from 58 individuals which were in excess of the contribution limitations. The Committee attempted to resolve some of these excessive contributions by (1.) making refunds or (2.) attributing the excessive portion to another contributor. In addition, as of the close of fieldwork, no action had been taken relative to other excessive contributions (3. below). See Attachment 1.

1. Failure to Refund in a Timely Manner

Under 11 C.F.R. § 103.3(b)(3)*/ contributions which on their face exceed the contribution limitations set forth in 11 C.F.R. § 110.1 or 110.2 and contributions which do not appear to be excessive on their face, but which exceed the contribution limits set forth in 11 C.F.R. § 110.1 or 110.2 when aggregated with other contributions from the same contributor, and contributions which cannot be accepted under the net debts outstanding provisions of 11 C.F.R. § 110.1(b)(3) and 110.2.(b)(3) may be either deposited into a campaign depository under 11 C.F.R. § 103.3(a) or returned to the contributor. If any such contribution is deposited, the treasurer may request redesignation or reattribution of the contribution by the contributor in accordance with 11 C.F.R. § 110.1(b), 110.1(k) or 110.2(b), as appropriate. If a redesignation or reattribution is not obtained, the treasurer shall, within sixty days of the treasurer's receipt of the contribution, refund the contribution to the contributor.

The Audit staff reviewed all contribution refunds to determine whether the refunds were made in a timely manner. The review revealed that the excessive portions of contributions, totaling $6,141.25, received from 14 contributors were refunded between 94 and 324 days from the date of deposit.

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*/ Within this finding (items 1. 2. and 3.), citations to 11 C.F.R. §§ 103.3, 110.1 and 110.2 pertain to regulations which became effective on 4/8/87. For those transactions occurring prior to 4/8/87, a committee was required to obtain reattributions and redesignations or make refunds of excessive contributions within a reasonable period of time. The conclusions reached remain the same irrespective of the regulatory standard applied to those contributions received prior to 4/8/87.

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2. Attribution of Excessive Portion of Contributions to Other Contributors

Sections 110.1(k)(1) and (3) of Title 11, Code of Federal Regulations state, in part, that any contribution made by more than one person, except for a contribution made by a partnership, shall include the signature of each contributor on the check, money order, or other negotiable instrument or in a separate writing.

If a contribution to a candidate or political committee, either on its face or when aggregated with other contributions from the same contributors set forth in 11 C.F.R. § 110.1(b), (c) or (d), as appropriate, the Treasurer of the recipient political committee may ask the contributor whether the contribution was intended to be a joint contribution by more than one person.

A contribution shall be considered to be reattributed to another contributor if:

The Treasurer of the recipient political committee asks the contributor whether the contribution is intended to be a joint contribution by more than one person, and informs the contributor that he or she may request the return of the excessive portion of the contribution if it is not intended to be a joint contribution; and

Within sixty days from the date of the Treasurer's receipt of the contribution, the contributors provide the Treasurer with a written reattribution of the contribution, which is signed by each contributor, and which indicates the amount to be attributed to each contributor if equal attribution is not intended.

In addition, under 11 C.F.R. § 110.1(l)(3) if a political committee receives a written reattribution of a contribution to a different contributor, the Treasurer shall retain the written reattribution signed by each contributor, as required by 11 C.F.R. § 110.1(k).

Excessive contributions, totaling $18,107.11, received from 23 contributors were reattributed to other individuals by the Committee. Adequate documentation in support of these reattributions was not made available to the Audit staff. In two instances, totaling $1,757.11, the documentation presented did not include the signatures of the individuals to whom it had been reattributed. For the remaining 21 contributors, the Committee was unable to provide any written documentation in support of the reattributions.

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3. Failure to Act on Excessive Contributions Received

The Audit staff's analysis of the remaining $16,015 in excessive contributions received from 25*/ contributors indicated that the Committee did not appear to have taken any action.

During the Exit Conference, the Committee stated that some of the excessive contributions resulting from untimely refunds of the excessive portion was due to funds and accompanying documentation being retained by U.S. Marshals under a dispute involving debts owed by Americans With Hart ("AWH"). Americans With Hart, Inc. was Senator Hart's principal campaign committee for the 1984 presidential primary election. The Audit staff allowed for this, however, by using the date on which the Committee actually obtained possession of the funds and accompanying documentation, rather than the date on which the funds were seized by U.S. Marshals. The timing of the refunds began, therefore, at a point in time after the Committee had received the funds. With respect to the other excessive contributions (items 2 and 3), the Committee stated that an effort would be made to locate the missing documentation or locate records explaining what action had been taken on excessive contributions for which there was no apparent action taken.

In the interim audit report, the Audit staff recommended that within 30 days of the date of service of this report, the Committee:

- submit evidence demonstrating that the $40,263.36 in apparent excessive contributions were not excessive,
- or, issue refund checks for the unrefunded excessive contributions of $34,122.11, and provide copies, both front and back, of the negotiated refund checks to the Audit staff.

The Committee's response was received timely on March 28, 1989. Discussed below is the response to each item contained in the interim report.

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*/ The number of contributors in 1, 2 and 3 above totals 62 rather than the 58 specified above. This is the result of the Committee's action on an excessive contribution from an individual falling into two or more categories, as happened in three instances.

2043604053

1. Failure to Refund in a Timely Manner

The Committee addressed this area by first detailing its procedures relative to the identification of excessive contributions (see Attachment #2). The Committee then addressed a garnishment action brought successfully by creditors of the candidate's 1984 principle campaign committee. According to the Committee's response, a $100,000 certificate of deposit was purchased on February 17, 1987 from Union National Bank of Colorado and renewed for 90 days on March 19, 1987. On May 8, 1987, the Committee learned that Union Bank had received and filed a response to the garnishment action for the funds in the $100,000 CD. The response states "The result was that the funds, which among other purposes were intended to secure any necessary refunds, were not available to the Committee." The funds, with accrued interest, were returned by the Court on January 28, 1988. The Committee states that upon receipt it promptly used these funds to refund the amounts in excess of the limitation.

The Committee concludes that it was aware of the need to refund the aforementioned excessive contributions in early May 1987 and had the funds invested in the $100,000 CD been available, the refunds would have been made on a timely basis. The Committee "asserts that the sole cause for the delay in making refunds was the unavailability of funds due to circumstances entirely beyond the control of the Committee."

As shown at Attachment #1, when the days from May 8, 1987 to January 28, 1988 are excluded, eight of the excessive contributions, totaling $4,750, were refunded on a timely basis.

Although the Committee's argument regarding the lack of funds with which to make refunds on a timely basis may be somewhat persuasive, the fact remains that funds were available prior to January 28, 1988 to effect such refunds [reported cash 6/30/87 less garnishment = $21,631.85]. Admittedly, payments to other creditors could not have occurred, but the excessive portions, according to the regulations, were to be refunded within a reasonable amount of time.

Five of the excessive contributions from contributors discussed in the interim audit report involved both direct contributions as well as a pro rata portion (25%) of in-kind contributions made to The Volunteer Committee in July 1986. The Committee in its response explained that "In late February and early March, 1987, FOGH officials reviewed this event, considering the possibility that is should properly be reported as partially a 'testing-the-waters' activity of FOGH. The decision was finally reached on or about March 9, 1987, the date these in-kind contributions were initially recorded in FOGH computer files." (parenthetical omitted).

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The Committee continues by stating that by March 9, 1987, five of the contributors to The Volunteer Committee event had also made other contributions to the Committee and when these were aggregated with the in-kind contributions (recently added to the contributions data base) they were identified as being excessive. The Committee then asserts that it refunded these excessive portions on a timely basis from this date (3/9/87). Further, the Committee states that had these in-kind contributions been recognized earlier, the contribution refunds would have been made earlier. Finally, the Committee asserts that campaign officials acted diligently and in good faith in conducting their review, and in reporting these in-kind contributions and believes the review was made promptly. The Committee then requests that the Commission "treat the effective date of these contributions to FOGH to be March 9, 1987 rather than July 1, 1986." (See Attachment #1 for Committee's calculation of the number of days elapsed).

In closing, the remaining excessive contribution of $35.00 from the Wong Company was, according to the Committee "The only contribution for which campaign procedures failed to aggregate contributions, resulting in failure to refund an excess contribution on a timely basis."

With respect to the Committee's arguments pertaining to the in-kind contributions, the Audit staff does not feel that the effective date of these contributions should be "changed" from July 1, 1986 to March 9, 1987 (see 11 C.F.R. §102.8 (1986)).

2. Attribution of Excessive Portions of Contributions to Other Contributors

In its response, the Committee detailed its procedures regarding reattributions (see Attachment #2). Briefly, the Committee carefully tracked excessive contributions to assure that the excessive portion was either reattributed or refunded on a timely basis. According to the Committee, its computer records show that for 18 of the reattributions questioned by the Audit staff (see Attachment #1, part 2) reattribution letters were received on a timely basis, however, the Committee states that the folder containing the letters was misplaced during the relocation of records after the first half of the campaign ended.

The Committee attempted to obtain affidavits from the donors to confirm/reaffirm the reattribution as shown in the Committee's computer records, as well as to affirm the approximate date on which the original reattribution letter was prepared. The affidavits received from donors reaffirmed the reattribution shown in the Committee's computer records. The Committee was unable to obtain affidavits from 4 individuals

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concerning five reattributions, however, it feels that "Committee procedures and computer evidence strongly suggest that the reattribution documentation was initially obtained on a timely basis for these contributions as well."*/

The Committee also notes in its response that although reattribution documentation was received from 5 additional individuals, the Committee determined that the reattributions were not timely and has elected to refund the excess portion (see Attachment #2, part 2 for Boisclair, Calaway, Chang, Field and Jerome Soderberg),

Finally, the Committee points out in two remaining cases contributions were seized by U.S. Marshalls in the State of California. However, information relative to the identity of the contributors, amount of contribution etc., was not obtained until April 27, 1988. Once this information was obtained, reattribution letters were obtained on a timely basis, according to the Committee (see Attachment #2, part 2, for Barry Brief and Howard Brief).

The Audit staff reviewed the documentation included in the Committee's response in support of its positions. Regarding those instances where the Committee obtained and submitted affidavits reaffirming the reattribution and confirming the approximate date of the original letter, the Audit staff has recalculated the number of days using the initial reattribution date. In those cases where the reattribution is now within the Commission-approved window, the original amount of excessive exceptions has been reduced accordingly.

In the case where affadavits were not obtained/submitted, the Audit staff has not made any revision to the original amount; although it is acknowledged that the Committee does make a good argument in support of its position. Finally, for the two cases involving records provided by the Court on April 27, 1988, the Audit staff has recalculated the number of days and revised the exception amount accordingly.

3. Failure to Act on Excessive Contributions Received

The Committee responded by stating that "the auditors did not provide worksheets identifying specific problem receipts until the evening before the exit conference; the worksheets then provided were incomplete and confusing. FOGH staff had no

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*/ As shown on Attachment #1, part 2, the number of days elapsed ranged from 8 to 64 for donors Opsahl, Harold Soderberg, Tunney and Winston.

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opportunity during the field audit to work with the auditors regarding many of these transactions."*/

The Committee's response details those instances where: (a) replacement reattribution letters and confirmations of the approximate date of the original reattribution letter were obtained and submitted; (b) replacement reattribution letters were requested but not obtained/submitted; (c) refund checks had already been issued; (d) an error ($250 excessive amount overstated) was made in the schedule prepared by the Audit staff; and (e) two excessive contributions, totaling $2,000, related to contributions seized by U.S. Marshals. The disposition of items described in (a) through (e) above is detailed at Attachment 1, part 3.

Summary

Based upon our review of the Committee's response, the Audit staff has recalculated the amount of excessive contributions as shown on Attachment 1, Parts 1-3. As of this date, $22,788.36 in excessive contributions (or portions thereof) were received by the Committee.

Recommendation #2

It is recommended that this matter be referred to the Office of General Counsel in accordance with Commission approved Materiality Thresholds.

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*/ The Audit staff attempts to discuss problem areas with Committee officials once our examination is complete. If this occurs prior to the exit conference, an interim conference is scheduled and the Committee may be able to clear certain initial exceptions noted by the Audit staff prior to the conclusion of fieldwork. In the case at hand, the examination was not completed until the day before the exit conference, hence the Committee was provided with the information as soon as practicable under the circumstances. Obviously, there is no requirement nor should there be that all potential findings be provided to the auditee prior to the exit conference.

Failure to Refund in a Timely Manner

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution (a)	Date of Deposit (b)	Excessive Portion (c)	Date Refunded (d)	# of Days Elapsed per Audit [compare (b) & (d)] (e)	# of Days Elapsed per Committee (f)	Revised Excessive Exception Amount
1. Bhaumik, M. L.	$ 150.00	02/24/87					
	1,000.00	04/21/87	$ 150.00	02/12/88	297	32*/	$ 150.00
2. Boies, David	1,000.00	03/04/87					
	1,000.00	05/08/87	1,000.00	02/18/88	286	21*/	1,000.00
3. Carlson, Don W.	1,500.00	12/30/86 1/					
	500.00	01/26/87 1/					
	500.00	07/01/86 2/	500.00	05/07/87	101	59#/	500.00
4. Guzik, Diane F.	1,000.00	03/09/87					
	1,000.00	05/08/87	1,000.00	02/12/88	280	15*/	1,000.00
5. Karl, Stuart	200.00	07/01/86 2/					
	750.00	12/03/86					
	250.00	01/20/87	200.00	05/07/87	131	59#/	200.00
6. Miller, David	6.25	07/11/86 2/					
	750.00	12/11/86					
	250.00	01/06/87 2/	6.25	05/02/87	116	54#/	6.25
	25.00	06/05/87 3/					

*/ Compare (b) & (d) excluding period from 5/8/87 to 1/28/88.

#/ Calculated by Committee by assuming March 9, 1987 as the effective date that the donor's contribution to the Volunteer Committee was attributed to FOGH.

1/ These $500.00 contributions were split by the Committee to Barbara B. Carlson ($750 and $250). As no documentation was located for the reattribution, these amounts appear in this attachment as an excessive contribution under the schedule of Undocumented Reattributions.

2/ In-kind contribution, date of donation given rather than date of deposit.

3/ No action appeared to have been taken on the $25.00 excessive portion of Mr. Miller's contribution, see the Failure to Act schedule of this attachment for disposition.

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Failure to Refund in a Timely Manner

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution (a)	Date of Deposit (b)	Excessive Portion (c)	Date Refunded (d)	# of Days Elapsed per Audit [compare (b) & (d)] (e)	# of Days Elapsed per Committee (f)	Revised Excessive Exception Amount
7. Opsahl, Denis J.	$1,000.00	01/16/87					
	1,000.00	04/06/87[4]	$ 250.00	02/22/88	322	57*	$ 250.00
8. Partridge, Kathryn B.	1,000.00	04/13/87					
	1,000.00	05/19/87	1,000.00	02/12/88	269	15*	1,000.00
	1,000.00	02/05/88[5]		03/10/88			
9. Stein, David F.	250.00	07/01/86[2]	[This contribution is discussed at Exhibit C as it represents corporate funds]				-0-
	750.00	12/18/86					
	250.00	02/02/87					
10. Straus, R. Peter	100.00	04/10/87					
	1,000.00	04/29/87	100.00	02/12/88	289	24*	100.00
11. Torell, Eryen	400.00	07/01/86[2]	[This contribution is discussed at Exhibit C as it represents corporate funds]				
	750.00	12/18/86					
	250.00	01/05/87					
12. Welch, Ellen C.	250.00	01/12/87					
	1,000.00	03/25/87	250.00	02/12/88	324	59*	250.00
13. Winnick, Karen B.	1,000.00	01/02/87					
	1,000.00	04/14/87	1,000.00	01/22/88	314	24*	1,000.00
14. Wong Company	1,000.00	02/25/87					
	35.00	02/25/87	35.00	06/24/87	119	N/A	35.00
						TOTAL	$5,491.25

4/ Based upon the Committee's response to the interim report, $750.00 was reattributed by the Committee with no documentation as of the close of fieldwork. Revisions have been made to page 4 (item 16), and page 7 (item 16).

5/ This portion of total contributions was refunded in a timely manner and is therefore not excessive.

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Undocumented Reattributions

Friends of Gary Hart - 1988, Inc.

	Name	Amount of Contribution	Date of Deposit	Excessive Portion[a/]	Amount Reattributed by Committee	Initial Reattribution Date[b/]	Confirmation Date[c/]	# of Days Elapsed[d/]	Revised Excessive Exception Amount
1.	Aburdene, Elias F.	$2,000.00	04/21/87	$ 1,000.00	$1,000.00	05/07/87	08/26/88	16	-0-
2.	Anton, Dene H.	2,000.00	04/13/87	1,000.00	1,000.00	05/07/87	08/16/88	24	-0-
3.	Boisclair, Jon L.	2,000.00	05/08/87	1,000.00	[refunded 3/15/89]				1,000.00
4.	Brief, Barry	2,000.00	09/18/87 [04/27/88]	1,000.00	1,000.00	06/23/88	N/A	57 [4/27/88-6/23/88]	-0-
5.	Brief, Howard	2,000.00	09/18/87 [04/27/88]	1,000.00	1,000.00	06/23/88	N/A	57 [4/27/88-6/23/88]	-0-
6.	Calaway, James C.	1,500.00	01/02/87	500.00	[refunded 3/15/89]				500.00
7.	Carlson, Don W.	1,500.00 500.00 500.00	12/30/86 01/26/87 07/01/86[e/]	 500.00	750.00 250.00	04/20/87 04/20/87	08/24/88 08/24/88	111 84	500.00 -0-

a/ The amounts labeled # indicate inadequate documentation; for the remainder, no documentation from the contributor/reattributee was made available during fieldwork.

b/ The date, according to the Committee, information regarding the initial reattribution letter was added to the Committee's computer files.

c/ The date of signed affidavit from the contributor confirming the initial reattribution date.

d/ Calculated by comparing the date of deposit to the initial reattribution date as confirmed by contributor, if no confirmation submitted then # of days elapsed is not listed.

e/ $500.00 was refunded on 05/07/87 in an untimely manner and appears on part 1 of this attachment.

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Undocumented Reattributions

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution	Date of Deposit	Excessive Portion[a]	Amount Reattributed by Committee	Initial Reattribution Date[b]	Confirmation Date[c]	# of Days Elapsed[d]	Revised Excessive Exception Amount
8. Chang, Judy	1,000.00	02/25/87						
	757.11	02/25/87	757.11[g]	[refunded 3/15/89]				$ 757.11
9. Field, Sally	2,000.00	04/13/87	1,000.00	[refunded 3/15/89]				1,000.00
10. Gerber, David	2,000.00	04/13/87	1,000.00	$1,000.00	05/07/87	08/30/88	24	-0-
11. Hilbert, Marquis D.	2,000.00	06/16/87	1,000.00	1,000.00	07/19/87	08/15/88	33	-0-
12. Hobbs, John H.	2,000.00	05/08/87	1,000.00	1,000.00	05/20/87	08/26/88	12	-0-
13. Grand-Jean, Richard	2,000.00	05/14/87	1,000.00[g]	1,000.00	09/17/87	08/18/88	126	1,000.00
14. Kurtz, Jerome	$2,000.00	04/13/87	$ 1,000.00	1,000.00	05/07/87	08/29/88	24	-0-
15. Lowinger, Cynthia	1,500.00	12/11/86	500.00	750.00	05/07/87	09/05/88	147	500.00
Miller	500.00	01/06/87	500.00	-	-	-	-	500.00[f]
16. Opsahl, Denis J.	1,000.00	01/16/87[g]						
	1,000.00	04/06/87	250.00	750.00	05/07/87	None	-	750.00[g]

[g] $250.00 was refunded on 02/22/88 in an untimely manner (see page 2, item 7).

[f] As the record now stands, $1,250 Cynthia Miller Lowinger, $750 Michael H. Lowinger; a refund of $250 is due Cynthia.

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Undocumented Reattributions

Friends of Gary Hart - 1988, Inc.

	Name	Amount of Contribution	Date of Deposit	Excessive Portion[a]	Amount Reattributed by Committee	Initial Reattribution Date[b]	Confirmation Date[c]	# of Days Elapsed[d]	Revised Excessive Exception Amount
17.	Siek, Shirley A.	250.00 1,000.00	12/30/86 03/03/87	250.00	$ 250.00	05/20/87	08/22/88	78	-0-
18.	Soderberg, Jerome	1,000.00 250.00	01/02/87 02/17/87	250.00	[refunded 3/15/89]				250.00
19.	Soderberg, Harold	1,000.00 250.00 100.00	01/02/87 02/17/87 04/14/87	250.00 100.00	250.00 100.00	04/22/87 04/22/87	None None	- -	250.00 100.00
20.	Tunney, Jay R.	2,000.00	04/24/87	1,000.00	1,000.00	05/20/87	None	-	1,000.00
21.	Vanderzee, J. R.	1,250.00	02/02/87	250.00	625.00	04/20/87	08/19/88	77	250.00
22.	Wilpon, Fred	2,000.00	05/08/87	1,000.00	1,000.00	05/20/87	08/22/88	12	-0-
23.	Winston, Marc	2,000.00	05/08/87	1,000.00	1,000.00	05/20/87	None	-	1,000.00
								TOTAL	$9,357.11[h]

[h] Recap:

Documented Untimely Reattributions	$2,250.00
Refunds Made 3/15/89	3,507.11
Undocumented Reattributions Effected	3,100.00
No Action Taken (Lowinger)	500.00
	$9,357.11

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Failure to Act on Excessive Contributions

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution	Date of Deposit	Excessive Portion[a]	Amount Reattributed by Committee	Initial Reattribution Date[b]	Confirmation Date[c]	# of Days Elapsed[d]	Amount of Refund	Date of Refund	Revised Excessive Exception Amount
1. Ayers, Phil	$1,250.00	02/25/87	$ 250.00	$ 625.00	01/14/88	08/19/88	323	-	-	$ 250.00
2. Bankhead, Porter L.	2,000.00	04/22/87	1,000.00	1,000.00	05/20/87	None	-	-	-	1,000.00
3. Chun, Young Sung	1,250.00	02/02/87	250.00	(No additional information provided in response)						250.00
4. Fensterwald, Bernard Jr.	1,000.00 250.00	01/20/87 04/14/87	250.00	250.00	07/24/87	None	-	-		250.00
5. Feurzig, Charles	2,000.00	03/03/87	1,000.00	1,000.00	04/01/87	08/22/88	29	-	-	-0-
6. Goodman, Walter	2,000.00	05/01/87	1,000.00	1,000.00	05/20/87	08/15/88	19	-	-	-0-
7. Gourly, Steven	250.00 500.00 500.00	02/18/87 04/21/87 04/21/87	250.00	-	-	-	-	250.00	06/23/87 (63 days)	-0-
8. Holmes, Charles S.	1,000.00 1,000.00	03/09/87 05/08/87	1,000.00	1,000.00	07/19/87	08/15/88	72	-	-	-0-
9. Karlin, Robert	1,250.00	02/20/87	250.00	(No additional information provided in response)						250.00
10. Lewis, Reginald F.	2,000.00	05/08/87	1,000.00	1,000.00	07/19/87	None	-	-	-	1,000.00

a/ The amounts labeled # indicate inadequate documentation; for the remainder, no documentation from the contributor/reattributee was made available during fieldwork.

b/ The date, according to the Committee, information regarding the initial reattribution letter was added to the Committee's computer files.

c/ The date of signed affidavit from the contributor confirming the initial reattribution date.

d/ Calculated by comparing the date of deposit to the initial reattribution date as confirmed by contributor.

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Failure to Act on Excessive Contributions

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution	Date of Deposit	Excessive Portion[a]	Amount Reattributed by Committee	Initial Reattribution Date[b]	Confirmation Date[c]	# of Days Elapsed[d]	Amount of Refund	Date of Refund	Revised Excessive Exception Amount
11. Lurie, Paul M.	$1,000.00	03/17/87								
	60.00	04/17/87	$ 60.00	-	-	-	-	$60.00	06/08/88 (418 days)	$ 60.00
12. Mancuso, Frank G.	2,000.00	09/18/87	1,000.00	$1,000.00	06/16/88	08/16/88	50 (4/27/88-6/16/88)	-	-	-0-
13. Matlock, Raymond H.	250.00	02/04/87								
	110.00	02/28/87[1]								
	20.00	03/15/87[1]								
	750.00	04/15/87	130.00	130.00	05/20/87	None	-	-	-	130.00
14. Miller, David	6.25	07/11/87[1]								
	750.00	12/11/87								
	250.00	01/06/87[1]								
	25.00	06/05/87	25.00[2]	-	-	-	-	-	-	-0-
15. Nathanson, Jane	$2,000.00	04/13/87	1,000.00	1,000.00	05/20/87	08/19/88	37	-	-	-0-
16. Opsahl, Denis J.	1,000.00	01/16/87								
	1,000.00	04/06/87	500.00[3]	(Revised excessive exception amount listed on pp. 2 (item 7) and 4 (item 16))						N/A
17. Pollack, Sydney	2,000.00	05/08/87[4]	1,000.00	1,000.00	04/29/87[4]	08/25/88	0	-	-	-0-

1/ In-kind contribution, date of donation given rather than date of deposit.

2/ $6.25 was refunded in an untimely manner and appears in part 1 of this attachment, this $25.00 amount is not a contribution, rather the purchase price paid to the Committee for a file cabinet.

3/ $250.00 was refunded in an untimely manner and $750.00 was reattributed without documentation as of the close of fieldwork. These items appear in parts 1 and 2 of this attachment, respectively. The $500.00 listed is incorrect, see revised excessive exception amount.

4/ The date of the check was 4/28/87.

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Name	Amount of Contribution	Date of Deposit	Excessive Portion[a]	Amount Reattributed by Committee	Initial Reattribution Date[b]	Confirmation Date[c]	# of Days Elapsed[d]	Amount of Refund	Date of Refund	Revised Excessive Exception Amount
18. Rogers, Robert A.	50.00 1,000.00	05/05/87 02/28/88[1]	50.00	50.00[5]	05/20/87	08/19/88	15	-	-	-0-
19. Ross, Arthur	2,000.00	04/21/87	1,000.00	1,000.00	05/07/87	08/31/88	16	-	-	-
alverde-Sanchez, Laura	$2,000.00	09/18/87 (04/27/88)	$1,000.00	$1,000.00	06/21/88	None	55 (4/27/88-6/21/88)	-	-	$1,000.00[7]
21. Thomas, V. Marc	1,000.00 1,000.00	04/14/87 04/17/87	1,000.00	1,000.00	02/21/88	08/19/88	310	-	-	1,000.00
22. Trattler, Larry	3,000.00	01/14/87	2,000.00	-	-	-	-	2,000.00	3/23/87 (68 days)	2,000.00
23. VanSickle, John B.	250.00 1,000.00	01/26/87 05/07/87	250.00	(Actual amount of check is only $100 and it was returned by bank as unpaid)						-0-
24. Weinstein, Richard S.	1,500.00	04/28/87	500.00	750.00	05/20/87	None	-	-	-	500.00
25. Williams, David	2,000.00 250.00	01/05/87[6] 01/16/87	250.00	(No additional information provided in response)						250.00
								TOTAL		$7,940.00[8]

5/ Apparently the Committee sought and obtained a reattribution even though the contribution was not excessive at this point in time.

6/ $1,000 was refunded in a timely manner on 01/09/87.

7/ A copy of the reattribution letter was not provided, therefore the exception stands.

8/ Recap:

Documented Untimely Reattributions	$1,250.00
Untimely Refund	2,060.00
Undocumented Reattributions Effected	3,880.00
No Action taken (Chun, Karlin, Williams)	750.00
	$7,940.00

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RESPONSE BY FRIENDS OF GARY HART - 1988, INC. TO RECOMMENDATIONS 2, 5, 7 AND 9 - 17 OF THE INTERIM REPORT OF THE AUDIT DIVISION OF THE FEDERAL ELECTION COMMISSION

Friends of Gary Hart - 1988, Inc. (FOGH or Committee) is continuing its review of the Interim Report prepared by the Audit Division of the Federal Election Commission (FEC). On February 27, 1989, FOGH submitted its response to recommendations 3, 4, 6 and 8 of the report. Now FOGH submits this report, and the supporting documentation, in response to recommendations 2, 5, 7 and 9 - 17.

FOGH has requested, and the FEC has granted, an additional extension to April 17, 1989 to complete its response to Recommendation 1.

RECOMMENDATION #2, SECTION 1
[Failure to Refund in a Timely Manner]
(Exhibit 1)

FOGH followed careful procedures to assure that contributions in excess of the $1000 individual limit, and for which the Committee could not obtain proper reattribution documentation, would be refunded within the statutory time limits. FOGH compliance staff constantly monitored the status of each potentially-excess contribution to assure that funds would be available in the event a refund was required, and to assure that time deadlines were met.

FOGH did not routinely deposit checks made payable in amounts in excess of $1,000 in the absence of sufficient evidence (from accompanying correspondence or from personal or telephone confirmation with the donor or with a campaign fundraiser) that re-attribution documentation could be reasonably obtained. Such contributions were returned, undeposited, to the donor with instructions to re-issue the check.

More commonly, a contribution could not be recognized as excessive until it was aggregated with previously-deposited contributions from the same donor. Contributions were routinely aggregated to donor records within five business days of the date of deposit. Prompt aggregation to donor accounts and daily identification of excess contributors provided time for the Committee to seek re-attribution to another contributor of any excess portion. Letters soliciting appropriate signature statements were created automatically by computer.

When re-attribution letters were obtained from a donor, the new contributor information was added to the computer files, including the date on which the re-attribution information was processed. When this new information cleared the excess condition, the donor's name would no longer appear on reports used by campaign officials.

Since continuing efforts to obtain re-attribution letters from the donor was in the Committee's best interest, required refunds were usually deferred until the time period was about to expire. An "Exception Report" showing the status of all contributions for which signature statements were needed was available from the computer system upon demand. Campaign workers, both paid and volunteer, continuously worked through these reports.

When the time limit was about to expire, and no response had been received from the donor, the Committee refunded the excessive portion.

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If data entry errors (e.g. mis-spelling of the donor's last name) caused a new donor account number to be assigned to a donor who had, in fact, made a previous contribution, the aggregation process could fail to identify an excessive contribution. Therefore, FOGH volunteers carefully checked computer reports for each contribution. In addition, a computer-assisted merge/purge operation was performed (approximately bi-weekly during large processing volumes) to identify similar donor names within address or ZIP code matches. These processes were highly-accurate in identifying excessive contributions.

The contributions identified in Attachment 1, Part 1, Pages 1-2 indeed seem to indicate that Friends of Gary Hart - 1988, Inc. failed to make certain required refunds in a timely manner. However, we believe that certain extenuating circumstances, which were fully discussed during the field audit and at the exit conference, but which do not appear in the interim audit report, should be considered before reaching this conclusion. What follows is a response which addresses each and every transaction cited.

RESERVE FUNDS GARNISHED FROM UNION BANK

During the first portion of the campaign, funds were routinely transferred from the operating account to a savings account. In fact, bank records show that 10% of the amount of all deposits to the principal account (United Bank of Denver, Account 740-801) were transfered to the money market account (United Bank of Denver, Account 237-824), almost always within three business days of the initial deposit. In addition to the cash management benefits provided to the Committee, this systematic savings plan provided the protection required to assure that funds would be available for any required refunds.

From time to time, as funds in the money market account accumulated, certificates of deposit were purchased with these funds. In particular, certificate #104099 with a face value of $100,000 was purchased from Union National Bank of Colorado on February 17, 1987. The certificate was renewed on March 19, 1987 for 90 days, with a maturity date of June 17, 1987.

On May 8, 1987, Gary Hart withdrew as a candidate for the presidency. On that day, the Committee learned that Union Bank had received and filed a response to a garnishment action by creditors of Americans with Hart, Inc. for the funds in certificate #104099. Union Bank did not notify the Committee of its action. On May 22, 1987, FOGH comptroller David Miller FOGH wrote a letter (included in Exhibit 1) to Mr. Bill Jones of Union Bank describing the situation. The result was that the funds, which among other purposes were intended to secure any necessary refunds, were not available to the Committee. The fact was reported to the FEC in our report for the period inception through June 30, 1987.

Friends of Gary Hart - 1988, - Inc. vigorously and successfully defended its rights to these funds in Denver District Court. The Court returned these funds, with accrued interest, on January 28, 1988. FOGH promptly used these funds to refund the amounts which were in excess.

All of the following contributions have been refunded by FOGH. Each refund was delayed by the garnishment of reserve funds held in Union National Bank.

Name	Amount of Contribution	Deposit Date	Amount of Refund	Refund Date	Actual Days[1]
Bhaumik, M.L.	150.00	02/24/87			
	1,000.00	04/21/87	150.00	02/12/88	32
Boles, David	1,000.00	03/04/87			
	1,000.00	05/06/87	1,000.00	02/18/88	21
Guzik, Diane F.	1,000.00	03/09/87			
	1,000.00	05/06/87	1,000.00	02/12/88	15

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Name	Amount of Contribution	Deposit Date	Amount of Refund	Refund Date	Actual Days[1]
Opeahl, Denis J.	1,000.00	01/16/87			
	1,000.00[2]	04/06/87	250.00	02/22/88	57
Partridge, Kathryn B.	1,000.00	04/13/87			
	1,000.00	05/19/87	1,000.00	02/12/88	15
	1,000.00	02/05/88	1,000.00[3]	03/10/88	
Straus, R. Peter	100.00	04/10/87			
	1,000.00	04/22/87	100.00	02/12/88	24
Welch, Ellen C.	250.00	01/12/87			
	1,000.00	03/25/87	250.00	02/12/88	59
Winnick, Karen B.	1,000.00	01/02/87			
	1,000.00	04/14/87	1,000.00	01/22/88	24

[1]FOGH has calculated the "Actual Days" which it held the contributor's funds, excluding the time period from May 8, 1987 to January 28, 1988 during which the funds were not available to the Committee due to the garnishment of Union Bank funds by creditors of Americans with Hart, Inc.

[2]$750 of the April 6, 1987 contribution was properly re-attributed to Denis' spouse, Eileen as described in the Committee's response to Recommendation #2, Section 2 of the Interim Audit Report. Therefore, the portion refunded was only $250.00.

[3]The February 5, 1988 contribution, as noted in the Interim Audit Report, was refunded in a timely manner.

Committee internal documents prepared immediately after May 8, 1987 indicate the Committee's awareness of these excess contributions and its obligations to refund the amounts shown. Had funds been available, the refunds would have been made on a timely basis. FOGH asserts that the sole cause for the delay in making refunds was the unavailability of funds due to circumstances entirely beyond the control of the Committee.

Furthermore, when the days from May 8, 1987 to January 28, 1988 (the period during which FOGH funds were held by Denver District Court pending resolution of the garnishment action) are excluded, each of the above excess contributions were refunded on a timely basis.

REPORTING OF IN-KIND CONTRIBUTIONS

Four of the contributions listed in Attachment 1, Part 1 of the Interim Audit Report relate to contribution refunds to individuals who also participated in an event sponsored by the Volunteer Committee in July, 1986. The details of this meeting, and the basis for establishing the 25% allocation percentage are documented in our response to Recommendations 3, 11 and 12 of the Interim Audit Report. For purposes of this response, we summarize these details here.

At the time of the July, 1986 meeting, FOGH had not been organized. Contributions to cover the expenses of the event were made to Stratton and Associates, who planned the event on behalf of the Volunteer Committee, not FOGH. In late February and early March, 1987, FOGH officials reviewed this event, considering the possibility that it should properly be reported as partially a "testing-the-waters" activity of FOGH. The decision was finally reached on or about March 9, 1987, the date these in-kind contributions were initially recorded in FOGH computer files. (The contribution date was subsequently changed to 07/01/86 so the date of the event would be reported on FEC reports.)

By March 9, 1987, five of the contributors to the Volunteer Committee event had also made contributions to FOGH. When their in-kind contributions were added to FOGH records, they were identified as excess contributors. FOGH refunded this portion of their contributions on a timely basis from this date.

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Name	Amount of Contribution	Deposit Date	Amount of Refund	Refund Date	Actual Days[6]
Carlson, Don W.[1]	500.00[2]	07/01/86			
	750.00	12/30/86			
	250.00	01/26/87	500.00	05/07/87	59
Karl, Stuart	200.00[3]	07/01/86			
	750.00	12/03/86			
	250.00	01/26/87	200.00	05/07/87	59
Miller, David	6.25[4]	07/11/86			
	750.00	12/11/86			
	250.00	01/06/87	6.25	05/02/87	54
	25.00[5]	06/05/87			
Stein, David F.	250.00[6]	07/01/86			
	750.00	12/18/86			
	250.00	02/02/87	250.00	05/07/87	59
Terrell, Erven	400.00[7]	07/01/86			
	750.00	12/18/86			
	250.00	01/06/87	150.00	05/07/87	59
			250.00	05/07/87	59

[1]Note that Attachment 1 does not properly list the three contributions from Don W. Carlson in that it omits his in-kind contribution in the allocated amount of $500.00, and in that it does not reflect attributions made to Mrs. Barbara Carlson for $750.00 and $250.00 (documentation for this re-attribution is included in our response to Recommendation 2, Section 2). FOGH's Report of Receipts and Disbursements, for inception through June 30, 1987, Line 17(a), Page 60 accurately represents Mr. Carlson's contributions.

[2]This transaction represents a portion of an in-kind contribution of $2,000.00 made to the Volunteer Committee in July, 1986. The allocation of 25% of the contribution to FOGH was made on or about March 9, 1989.

[3]This transaction represents a portion of an in-kind contribution of $800.00 made to the Volunteer Committee in July, 1986. The allocation of 25% of the contribution to FOGH was made on or about March 9, 1989.

[4]This transaction represents a portion of an in-kind contribution of $25.00 made to the Volunteer Committee in July, 1986. The allocation of 25% of the contribution to FOGH was made on or about March 9, 1989.

[5]Attachment 1 lists this transaction as a "Contribution." In fact, this amount was a Purchase of campaign assets. The transaction was initially reported as a contribution on line 17(a) of FOGH's Report of Receipts and Disbursements for the period inception through June 30, 1987. However, in the response of Mr. Michael R. Moore addressed to John D. Gibson, responding to FEC RQ-3, the Committee corrected its initial reporting error. The purpose of Mr. David Miller's $25.00 check is noted clearly on his check, which is included as a part if Exhibit 1.

[6]This transaction represents a portion of an in-kind contribution of $1,000.00 made to the Volunteer Committee in July, 1986. The allocation of 25% of the contribution to FOGH was made on or about March 9, 1989.

[7]This transaction represents a portion of an in-kind contribution of $1,600.00 made to the Volunteer Committee in July, 1986. The allocation of 25% of the contribution to FOGH was made on or about March 9, 1989.

[8]FOGH has calculated the "Actual Days" which it held excess contributor funds assuming March 9, 1987 as the effective date that the donor's contribution to the Volunteer Committee was attributed to FOGH.

Had these in-kind contribution been recognized as a FOGH contributions on an earlier date, the contribution refunds would have been made earlier. The Committee asserts that campaign officials acted diligently and in good faith in conducting their review, and in reporting these in-kind contributions generously to FOGH. In consideration of the many responsibilities of a starting presidential campaign, FOGH believes that its review was made promptly. FOGH therefore requests

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that the Federal Election Commission treat the effective date of these contributions to FOGH to be March 9, 1987 rather than July 1, 1988.

Only one contribution remains in the "Failure to Refund in a Timely Manner" section:

Name	Amount of Contribution	Deposit Date	Amount of Refund	Refund Date
Wong Company	1,000.00	02/25/87		
	35.00	02/25/87	35.00	08/24/87

FOGH inadvertently failed to recognize these two contributions as being from the same company. The refund, although made promptly when the error was discovered, was not made on a timely basis. We believe this to be the only contribution for which campaign procedures failed to aggregate contributions, resulting in failure to refund an excess contribution on a timely basis.

RECOMMENDATION #2, SECTION 2

[Attribution of Excessive Portion of Contributions to Other Contributors]
{Exhibit 2}

As described more fully in the response to Recommendation #2, Section 1, campaign procedures carefully tracked excessive contributions to assure that they were either re-attributed or refunded on a timely basis. The Interim Audit Report calls attention to certain contributions for which Committee reports and computer records indicate that the contribution was successfully re-attributed to a spouse or other donor. However, Committee efforts to locate original affidavits signed by the re-attribution donor have not been successful.

Affidavits, in the format suggested by the FEC's "Guidelines for Presentation in Good Order," provided the documentation for all re-attributions. When such affidavits were received from a donor, they were immediately entered into the computer records of the Committee, including the date the re-attribution was received. The original documents were then stored in a file folder in the Compliance Office. As time and volunteer availability permitted, the documents were removed from the folder and permanently filed along with the Committee's documentation of the bank deposit in which the original donor's check was included. At this time, copies of the affidavit were also made in preparation for filing a request for Matching Funds.

Committee computer records show that 18 of the re-attributions cited in this section of the Interim Audit Report were received by the FOGH compliance office on a timely basis. These re-attributions were processed in the time period from April 20 – May 20, 1987 (and one re-attribution dated 7/19/87 for a post-campaign contribution dated 06/16/87). It was in this time period that the first half of the FOGH campaign terminated abruptly. FOGH surmises that these affidavits had not yet been transferred from the temporary file folder to the permanent deposit records at the time the campaign was winding down. In the subsequent moving of records from office space to office space, this entire folder was misplaced.

While FOGH recognizes that there is no provision for obtaining such affidavits at this time, since the permitted time period for refunds or re-attributions has long-since expired, FOGH has attempted to contact each of these contributors to again determine their intention. In 13 cases, as described below, the donor re-affirmed the re-attribution shown in Committee records.

Furthermore, the donor affirmed the approximate date on which their initial re-attribution affidavit was prepared. In view of the unusual circumstances surrounding the termination of the first half of the FOGH campaign, FOGH requests that the FEC honor these replacement documents as adequate evidence to support the re-attributions reported on FOGH reports.

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Name	Amount of Contribution	Deposit Date	Person to whom Re-attributed	Amount Re-attributed	Initial Date[1]	Confirmation Date[2]
Aburdene, Elias F.	2,000.00	04/21/87	Annette Aburdene	1,000.00	05/07/87	08/28/88
Anton, Dane H.	2,000.00	04/13/87	Mr. Ron Anton	1,000.00	05/07/87	08/16/88
Carlson, Don W.	1,500.00	12/30/86	Barbara B. Carlson	750.00	04/20/87	08/24/88
	500.00	01/28/87	Barbara B. Carlson	250.00	04/20/87	08/24/87
Gerber, David	2,000.00	04/13/87	Lorraine Gerber	1,000.00	05/07/87	08/30/88
Grand-Jean, Richard	2,000.00	05/14/87	Christina Doudna	1,000.00	09/17/87	08/18/88
Hilbert, Marquis D.	2,000.00	06/16/87	Renate Hilbert	1,000.00	07/19/87	08/15/88
Hobbs, John H.	2,000.00	05/08/87	Elizabeth Hobbs	1,000.00	05/20/87	08/28/88
Kurtz, Jerome	2,000.00	04/13/87	Elaine Kurtz	1,000.00	05/07/87	08/29/88
Lowinger, Cynthia Miller	1,500.00	12/11/86	Michael H. Lowinger	750.00	05/07/87	08/05/88
	500.00	01/06/87				
Siek, Shirley A.	250.00	12/30/86				
	1,000.00	03/03/87	Robert Siek	250.00	05/20/87	08/22/88
VanderZee, J. R.	1,250.00	02/02/87	Patricia VanderZee	625.00	04/20/87	08/19/88
Wilpon, Fred	2,000.00	05/08/87	Judith A. Wilpon	1,000.00	05/20/87	08/22/88

[1]The Initial Date is the date information regarding initial re-attribution letter was added to the computer files. The accuracy of this date is confirmed in the affidavit later signed by the donor.

[2]The Confirmation Date is the date the donor signed the affidavit included in Exhibit 2.

In the following cases, re-attributions were made by the Committee during the same time period, but the Committee was unable to obtain re-affirmations from the donors.

Name	Amount of Contribution	Deposit Date	Person to whom Re-attributed	Amount Re-attributed	Initial Date
Opashi, Denis J.	1,000.00	01/16/87			
	1,000.00[1]	04/06/87	Eileen Opashi	750.00	05/07/87
Soderberg, Harold	1,000.00	01/02/87			
	250.00	02/17/87	Mariya J. Soderberg	250.00	04/22/87
	100.00	04/14/87	Ms. Mariya Soderberg	100.00	04/22/87
Tunney, Jay R.	2,000.00	04/24/87	Ms. Tunney	1,000.00	05/20/87
Winston, Marc	2,000.00	05/08/87	Jill Winston	1,000.00	05/20/87

[1]$250.00 was refunded to Denis Opashi on February 22, 1988. See FOGH's response to Recommendation #2, Section 1.

Committee procedures and computer evidence strongly suggest that the re-attribution documentation was initially obtained on a timely basis for these contributions as well. On the basis of its excellent track record for properly processing excessive contributions, the Committee requests that the computer evidence for the initial re-attribution date be accepted for these contributions.

Re-attribution documentation was also received from the following individuals, but upon further review by the Committee it has been determined that the re-attributions were not received on a timely basis. Therefore, the Committee has refunded the excess portion of the contributions. Photocopies of the refund checks are included in Exhibit 2.

Name	Amount of Contribution	Deposit Date	Amount Refunded	Refund Date
Bolaclair, Jon L.	2,000.00	05/08/87	1,000.00	03/15/89
Calaway, James C.	1,500.00	01/02/87	500.00	03/15/89
Chang, Judy	1,000.00	02/25/87		
	757.11	02/25/87	757.11	03/15/89

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Field, Sally	2,000.00	04/13/87		1,000.00	03/15/88
Sodenberg, Jerome	1,000.00	01/02/87			
	250.00	02/17/87		250.00	03/15/88

In two remaining cases, excess contributions were made at a FOGH-sponsored event at which the contributions were seized by United States Marshalls in the State of California. FOGH vigorously and successfully defended its right to these funds. The funds, including accrued interest, were subsequently returned to FOGH on January 28, 1988. However, the Court did not provide an accounting for these funds, including photocopies of the original contributor checks, and notification of the checks which did not clear the bank when deposited by the Court, until April 27, 1988. FOGH made several inquiries of the Court in the interim, attempting to obtain this information. Once the complete information was provided by the Court, FOGH obtained the re-attributions on a timely basis:

Name	Amount of Contribution	Deposit Date	Person to whom Re-attributed	Amount Re-attributed	Re-attribution Date
Brief, Barry	2,000.00	09/18/87	Karen Brief	1,000.00	06/23/88
Brief, Howard	2,000.00	09/18/87	Shannon C. Brief	1,000.00	06/23/88

RECOMMENDATION #2, SECTION 3

[Failure to Act on Excessive Contributions Received]
(Exhibit 3)

The Interim Audit Report identified 25 contributors for which its analysis "indicated that the Committee did not appear to have taken any action." We will show that, once again, the Interim Audit Report grossly and unfairly overstates its case. In truth, timely and proper action was taken on many of these transactions.

Much of this data was available to the auditors prior to the exit conference. However, the field auditors did not provide worksheets identifying specific problem receipts until the evening before the exit conference; the worksheets then provided were incomplete and confusing. FOGH staff had no opportunity during the field audit to work with the auditors regarding many of these transactions.

FOGH recognizes that there is no provision to obtain the initial signature statement now, since the time limit for making refunds has long-ago expired. However, we have requested replacement affidavits from each of these donors for whom our computer files indicate that a re-attribution letter had been initially received. Each affidavit also confirms the approximate date of the original re-attribution letter. FOGH submits these replacement letters in Exhibit 3, as further verification of the careful procedures followed by the Committee.

Although, we were unable to obtain replacement re-attribution letters from all these donors, we believe the pattern is clear: initial affidavits were indeed received by the Committee from April 20 through May 7 and were processed through the computer system, but were misplaced when the campaign was suddenly discontinued.

Name	Amount of Contribution	Deposit Date	Person to whom Re-attributed	Amount Re-attributed	Initial Date	Confirmation Date
Ayers, Phil	1,250.00	02/25/87	Glen Roberts	625.00	01/14/88	06/15/88
Feurzig, Charles	2,000.00	03/03/87	Alberta Fuerzig	1,000.00	04/01/87	06/22/88
Goodman, Walter	2,000.00	05/01/87	Margaret Goodman	1,000.00	05/20/87	06/15/88
Holmes, Charles S.	1,000.00	03/09/87				
	1,000.00	05/06/87	Beverly J. Holmes	1,000.00	07/19/87	06/15/88

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Nathanson, Jane	2,000.00	04/13/87	Marc Nathanson	2,000.00	05/20/87 08/19/88
Pollack, Sydney	2,000.00	05/08/87	Claire Pollack	1,000.00	04/28/87 08/26/88
Rogers, Robert A	50.00	05/05/87	Mary Ellen Swanson	50.00	05/20/87 08/19/88
	1,000.00	02/28/88			
Ross, Arthur	2,000.00	04/21/87	Janet Ross	1,000.00	05/07/87 08/31/88
Thomas, V. Marc	1,000.00	04/14/87	Marci Thomas	1,000.00	02/21/88 08/19/88
	1,000.00	04/17/87			

We therefore request that the FEC determine that all the contributions listed above were properly re-attributed as reported.

Name	Amount of Contribution	Deposit Date	Person to whom Re-attributed	Amount Re-attributed	Initial Date
Bankhead, Porter L.	2,000.00	04/22/87	Mrs. Bankhead	1,000.00	05/20/87
Fensterwald, Jr., Bernard	1,000.00	01/20/87			
	250.00	04/14/87	Patti Fensterwald	250.00	07/24/87
Lewis, Reginald F.	2,000.00	05/08/87	Mrs. Reginald Lewis	1,000.00	07/19/87
Matlock, Raymond H.	250.00	02/04/87			
	110.00	02/28/87			
	20.00	03/15/87			
	750.00	04/15/87	Madeline Matlock	130.00	05/20/87
Weinstein, Richard S	1,500.00	04/23/87	Pearl Weinstein	750.00	05/20/87
Chun, Young Sung	1,250.00	02/02/87			
Karlin, Robert	1,250.00	02/28/87			

FOGH failed to refund to refund the following contributions on a timely basis. The refunds were issued on the date shown:

Name	Amount of Contribution	Deposit Date	
Lurie, Paul M.	1,000.00	03/17/87	$900.00 was refunded June 6, 1988.
	60.00	04/17/87	
Opashi, Denis J.	1,000.00	01/16/87	$250.00 was refunded on February 22, 1988. $750.00 was properly re-attributed to Eileen Opashi as described the response to Recommendation #2, Section 2.
	1,000.00	04/06/87	

As discussed with field auditors, FOGH has already issued contribution refunds in the following cases:

Name	Amount of Contribution	Deposit Date	
Gourley, Steven	250.00	02/18/87	As reported on Line 28 of FOGH's Report of Receipts and Disbursements for Inception – June 30, 1987, $250.00 was refunded to Feinstein, Gourley & Malek, 11111 West Olympic Boulevard, Los Angeles, CA 90064, on June 22, 1987.
	500.00	04/21/87	
	500.00	04/21/87	
Miller, David	6.25	07/11/87	As discussed in FOGH's response to Recommendation 2, Section 1, $6.25 was refunded on May 2, 1987. The circumstances discussed there show that FOGH made this refund on a timely basis from the time that 25% of Mr. Miller's $25.00 contribution to the Volunteer Committee was allocated to FOGH. In footnote 5 of the same section, evidence is provided that the $25.00 transaction on June 5, 1987 is a purchase of assets rather than a contribution.
	750.00	12/11/87	
	250.00	01/06/87	
	25.00	06/06/87	
Trattler, Larry	3,000.00	01/14/87	As reported on Line 28 of FOGH's Report of Receipts and Disbursements for Inception – June 30, 1987, $2,000.00 of this contribution was refunded to Uptown Land & Cattle Co., 1600 Gaylord Street, Denver, CO 80206, on March 23, 1987.

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Williams, David	2,000.00	01/06/87	
	250.00	01/16/87	As reported on Line 28 of FOGH's Report of Receipts and Disbursements for Inception - June 30, 1987, $1,000 was refunded to Williams & Foster, 1034 Logan Street, Denver, CO 80203, on January 9, 1987.

In one case, the Interim Audit Report is clearly in error:

Name	Amount of Contribution	Deposit Date
VanSickle, John B.	250.00	01/28/87
	1,000.00	05/07/87

In fact, Mr. VanSickle's check is in the amount of 100.00 rather than 1,000.00. A copy of his check is included in Exhibit 3. In fact, this 100.00 check was returned from his bank as unpaid. The amount was properly reported in FOGH's Report of Receipts and Disbursements for the period from inception through June 30, 1987.

Excess contributions were made at a FOGH-sponsored event at which the contributions were seized by United States Marshalls in the State of California. FOGH vigorously and successfully defended its right to these funds. These funds, including accrued interest, were subsequently returned to FOGH on January 28, 1988. However, the Court did not provide an accounting for these funds, including photocopies of the original contributor checks, and notification of the checks which did not clear the bank when deposited by the Court, until April 27, 1989. FOGH made several inquiries of the Court in the interim, attempting to obtain this information. Once the complete information was provided by the Court, FOGH obtained the re-attributions on a timely basis:

Name	Amount of Contribution	Deposit Date	Person to whom Re-attributed	Amount Re-attributed	Re-attribution Date
Mancuso, Frank G.	2,000.00	09/16/87	Frances Mancuso	1,000.00	06/16/88
Balverde-Sanchez, Laura	2,000.00	09/16/87	Joe Sanchez	1,000.00	06/21/88

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Receipt of Corporate Contributions

Under 2 U.S.C. § 441b(a) it is unlawful for any corporation to make a contribution or expenditure in connection with any election to any political office.

During the review of receipts, the Audit staff noted 12 contributions totaling $3,325 which appeared to be drawn on accounts of incorporated entities. During the exit conference, the Committee representative stated that the contributions would be refunded.

There were, in addition, 3 in-kind corporate contributions totaling $1,275*/ reported as having been received in July 1986 and reported as having been refunded on May 7, 1987. There were thus 15 corporate contributions totaling $4,600 received by the Committee (see Attachment 1).

In the interim audit report, the Audit staff recommended that within 30 days of the date of service of this report the Committee provide evidence that the contributions are not corporate or issue refund checks to the noted corporate contributors and supply copies of the negotiated checks, front and back to the Audit staff.

On February 28, 1989 the Audit staff received the Committee's response (see text at Attachment 2). Regarding the 12 corporate contributions, the Committee described in some detail its procedures for screening contributions in an attempt to insure that corporate contributions were either not deposited and returned immediately to the contributor or if deposited, that refund checks were prepared and forwarded to the donor on a timely basis. The Committee states that the procedures used to identify corporate contributions were in accordance with the Guideline for Presentation in Good Order. According to the Committee, with respect to the 12 contributions totaling $3,325, since no response was received from the donor, whose contribution was categorized by the Committee as being drawn on a possible business account, the contribution was not submitted for matching but retained. The response notes that while the Committee recognizes that the Guideline discusses matchability of contributions, "we are unaware of any publication of the Commission suggesting that the Secretary of State should be

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*/ The interim report cited $5,100 which represented the aggregate value of corporate checks. The value now cited ($1,275) represents the Committee's allocable portion (25%).

contacted," [relating to verfication of corporate status].*/ The Committee also notes that the 12 contributions in question represent only 2% of the 654 apparent business contributions received, and only 7% of the 182 apparent business contributions for which the Committee did not receive signed confirmations from the donors.

The Committee then concludes that it acted promptly and in good faith to refund actual corporate contributions when they were identified**/ and requests that the Commission consider these facts when assessing penalties for this inadvertent violation of 2 U.S.C. §441b(a).

The second issue involved three in-kind corporate contributions, a portion (25%) of which was allocated to the Committee. The Committee in its response takes exception to the discussion contained in the interim audit report. Specifically, the Committee notes that the corporate checks at issue were neither payable to, nor deposited by, nor for the direct benefit of the Committee. Also noted is the fact that the checks were made payable to and deposited by Stratton & Associates and that this was not mentioned in the report. The Audit staff was not in possession of any check copies or other sufficient documentary evidence to support the inclusion of these facts. Rather, the Audit staff used information as reported by the Committee and requested an explanation of the activities undertaken by Stratton & Associates (see Interim Audit Report, Finding II.H.2.) It should be noted, the conclusion that the contributions were from corporate sources, a portion of which benefitted the Committee is not changed by the "new facts" provided by the Committee.

The Committee states that it did not have direct knowledge of the form of the checks for many months after the date of the checks. Once the Committee discovered that the checks were drawn on corporate accounts, it immediately requested Stratton & Associates to refund these amounts. According to documentation provided, refund checks drawn on Stratton & Associates' account were dated in late March 1987, approximately

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*/ The Commission's Financial Control and Compliance Manual for Presidential Primary Candidates Receiving Public Financing (p. 77), states that "If the contribution is determined to be illegal or no determination can be made, the contribution must be refunded at the end of the 30 day period" (11 C.F.R. §103.3(b)(1).

**/ According to the Committee the contributions were verified as corporate in late June, 1988 and the Committee mailed refund checks on June 29, 1988.

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8 months after the dates (June and July, 1986) of the original checks.*/

Conclusion

Although some of the arguments put forth by the Committee have merit, the fact remains that contributions, both direct and in-kind, were received by/benefitted the Committee and refunds were not effected in a timely manner.

Recommendation #3

It is recommended that this matter be referred to the Office of General Counsel in accordance with Commission approved Materiality Thresholds.

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*/ Information provided by the Committee in response to Finding II.H.2. contained in the interim audit report included photocopies of Committee checks:

#1806, $625.00, dated 5/7/87 payable to Albert Gersten, Jr.;
#1807, $250.00, dated 5/7/87 payable to David Stein;
and #1805, $400.00, dated 5/7/87 payable to Ervin Torrell.

The memo notation on the photocopies provided was "excess contribution refund."

Prohibited Corporate Contributions made to Friends of Gary Hart - 1988, Inc.

Name	Date of Contribution	Amount	Date of Incorporation*/	Date of Refund Check
Frankland and Lienhard	02/02/87	$1,000	06/09/72	06/29/88
Jupiter Enterprises, Inc.	02/25/87	35	04/05/82	06/29/88
JLF, Inc.	03/17/87	250	03/08/82	06/29/88
Marchuck, Wind & Associates	03/27/87	250	03/03/81	06/29/88
Services Unlimited	03/30/87	50	11/06/74	06/29/88
Anderson Information Management	04/22/87	250	03/26/85	06/29/88
YCS Investment	04/22/87	1,000	05/06/85	06/29/88
Maxwell Technical Services	04/29/87	250	03/16/87	06/29/88
Tom Lynch Construction	12/29/87	20	04/01/87	06/29/88
Galveston Islanders Inc.	01/11/88	100	02/11/81	06/29/88
Crouse Cafe	01/22/88	100	03/13/86	06/29/88
Lanco Services	02/18/88	20	08/07/80	06/29/88
Tally Ho Motor Inn (in-kind)	06/03/86***/	400	09/26/84	03/25/87**/

*/ The date of incorporation was obtained from the appropriate Secretary of State.

**/ Refund checks issued by Stratton & Associates. It should be noted that on 5/7/87, the Committee issued refund checks in like amount to these individuals. The memo notation on the photocopies of checks in the Audit staff's possession contain the notation "excess contribution refund."

***/ The dates shown represent the date of the check. The Committee reported receiving the in-kind contribution on July 1, 1986.

Prohibited Corporate Contributions made to Friends of Gary Hart - 1988, Inc.

Name	Date of Contribution	Amount	Date of Incorporation*/	Date of Refund Check
The Gersten Companies (in-kind)	06/17/86***/	625	05/13/77	03/31/87**/
The Monarch Group, Inc. (in-kind)	07/23/86***/	250	01/27/86	03/24/87**/
Total		$4,600		

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RESPONSE BY FRIENDS OF GARY HART – 1988, INC. TO RECOMMENDATIONS 3, 5, 6 AND 8 OF THE INTERIM REPORT OF THE AUDIT DIVISION OF THE FEDERAL ELECTION COMMISSION

Friends of Gary Hart – 1988, Inc. (FOGH or Committee) has reviewed the Interim Report prepared by the Audit Division of the Federal Election Commission (FEC) and is preparing a response to each of its recommendations.

FOGH submits this report, and the supporting documentation, in response to recommendations 3, 4, 6 and 8. FOGH has requested and the FEC has granted an extension to March 27, 1989 to submit its response to the remainder of the recommendations contained in the Interim Audit Report.

RECOMMENDATION #3, PARAGRAPH 1

During the course of the field audit work, the Audit staff noted 12 contributions totalling $3,325 which were drawn on business accounts which FOGH determined to be incorporated entities while the field work was in progress. FOGH refunded these contributions immediately upon determining their corporate sources, as described below.

Friends of Gary Hart — 1988, Inc. established and observed careful procedures to assure that corporate contributions were not received by the campaign. Contributions which were obviously from corporate donors were returned immediately to the contributor without being deposited, with very few exceptions. In these few exceptional cases that such contributions were inadvertently deposited, upon review of batch verification reports, these were exception coded 'C0' and a refund checks were prepared and returned to the donor on a timely basis.

If the account designation of contribution check included any of the following:

Corporation (or Corp.)
Incorporated (or Inc.)
Limited (or Ltd.)
P.C. (Professional Corporation)
P.A. (Professional Association)

Committee procedures considered these contributions to be obviously from a corporate donor. This list was obtained from the Federal Election Commission's publication "Guidelines for Presentation in Good Order," page VII-7.

Contributions which were possibly from a business account, but for which there was no indication that the business was incorporated, were exception coded 'C1', triggering an inquiry to the donor using the letter suggested in Appendix 12 of the same publication.

When responses to the letter indicated that the contribution was from an incorporated entity, a refund was promptly made. When no response was received, the contribution was withheld from submission for federal matching funds, but was not refunded.

In the course of their field work, the auditors reviewed FOGH's list of C1 exception codes and determined that two contributions were, in fact, from corporate entities. On Thursday, June 23, 1988, the auditors indicated that the Committee was required to contact the appropriate Secretary of State for each possible business contribution to determine if the business is a corporation. The Committee immediately initiated such a project and mailed refund checks totalling $3,325 on June 29, 1988.

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Copies of these cancelled checks are attached as Exhibit 1. Please note that two refund checks (M. Myron Lepkaluk dba Frankland and Lienhard, and Anderson Information Management) have not been cashed by the payee, and are still shown as outstanding on our bank reconciliations.

Attachment 2 of the Interim Audit Report suggests that the Committee could have determined from the face of the check that several of the contributions were from corporate entities. This is misleading. The first paragraph on page 7 of the Interim Audit Report states that "the Audit staff noted 12 contributions totaling $3,325 which appeared to be drawn on accounts of incorporated entities. (emphasis added)" This statement is also misleading.

Information printed on the checks indicates only that the check was drawn on a business account, a suggestion with which FOGH obviously agrees. After all, it was FOGH which created the C1 exception code list in the first place. The checks do not suggest that the accountholder is incorporated. The following chart compares the "name" shown on Attachment 2 of the Interim Audit Report with the actual accountholder shown on the contributor's check.

Name, as listed on Attachment 2	Accountholder from Contribution check
Frankland and Lienhard	M. Myron Lepkaluk D/B/A Frankland & Lienhard
Jupiter Enterprises, Inc.	Jupiter Enterprise
JLF, Inc.	JSF Company General Building Contractor
Marchuck, Wind & Associates	Marchuck, Wind & Associates, Inc. John Reiser Account
Services Unlimited	Services Unlimited
Anderson Information Management	Anderson Information Management
YCS Investment	YCS Investments
Maxwell Technical Services	Maxwell Technical Services
Tom Lynch Construction	Tom Lynch Construction
Galveston Islanders, Inc.	Galveston Islanders
Crouse Cafe	Crouse Cafe
Lanco Services	Lanco Services

The only instance in which the accountholder suggests a corporate contributor is the fourth item listed. And in this instance, the additional printed line "John Reiser Account" along with the donor's signature suggests that the incorporated entity was Mr. Reiser's employer, rather than the accountholder.

To conclude that FOGH had direct and immediate knowledge that these contributions were from incorporated entities is simply not supported by the facts.

While acknowledging that the Committee failed to refund on a timely basis $3,325 in actual corporate funds, we assert the following:

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1. Committee procedures relating to the determination of the possible corporate nature of a donor were in accordance with the publications provided by the Federal Election Commission, namely those set out in the "Guidelines for Presentation in Good Order." While we recognize that this publication discusses acceptability in terms of matching funds, we are unaware of any publication of the Commission suggesting that the Secretary of State should be contacted.

2. Committee personnel developing procedures relating to the processing of apparent business contributions discussed these procedures with Patricia Scherring of the FEC prior to implementation. At no time did Ms. Scherring suggest that Committee procedures should include verification with the Secretary of State. While we now recognize that she was providing help solely relating to the preparation of requests for federal matching funds, we believed that our procedures had been reviewed more broadly.

3. Committee procedures to recognize and deal with corporate contributions were followed carefully. While we now recognize that the procedures were not perfect, they were not inadequate, for failing to include verification with the Secretary of State. An inquiry of a single Secretary of State, of course, is no litmus test of corporateness. Inquiring of the Secretary of State frankly never occured to the Committee. FOGH's record demonstrates an ability to process large volumes of contributions with a high degree of accuracy. The failure to refund these corporate contributions on a timely basis was not due to an intent to violate federal regulations; nor was it due to carelessness or clerical error.

4. The Committee processed 654 apparent business contributions. The 12 contributions which were later determined to be from corporate entities is only 2% of all the 654 apparent business contributions received. This represents only 7% of the 182 apparent business contributions for which FOGH had not received signed confirmations from the donors. In fact, these contributions could be identified because FOGH procedures carefully tracked this type of potential business contribution.

5. The Committee acted promptly and in good faith to refund actual corporate contributions when they were identified.

FOGH requests that the Commission consider these facts when assessing penalties for this inadvertent violation of 2 U.S.C. 441b(a).

RECOMMENDATION #3, PARAGRAPH 2

In addition, the Interim Audit Report notes three in-kind checks totaling $5,100.00 received in July, 1986. FOGH acknowledges that these checks were drawn on accounts of corporations.

However, the Interim Audit report does not accurately portray these checks either in this section or in Finding II.H.2 which is referenced. Attachment 2 lists these three contributions on a page entitled "Prohibited Corporate Contribution made to Friends of Gary Hart - 1988, Inc." Furthermore, paragraph two of page 7 includes these checks as part of the "corporate contributions totaling $8,425, received by the Committee.

These assertions are not true. In actual fact, the checks were neither payable to, nor deposited by, nor for the direct benefit of Friends of Gary Hart - 1988, Inc. FOGH was not organized as a Committee at the time these checks were written. These three checks were made payable to and deposited by Stratton & Associates, a fact completely omitted in the Interim Audit Report.

The footnote to Attachment 2 of the Interim Audit report states that each of these three checks "was an in-kind contribution refunded 05/07/87." Again, this assertion is untrue. FOGH never wrote

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refund checks to these corporations. In actual fact, Stratton & Associates issued refund checks to these corporation on March 25, 1987.

Apart from these omissions and errors of fact in the Interim Audit report, FOGH has acknowledged that a portion (25%) of the Volunteer Committee event whose expenses were being reimbursed by these contributors should be construed as a "testing-the-waters" activity of FOGH. These three corporate checks reimbursed Stratton & Associates for expenses which it incurred in the normal course of its business while organizing a weekend conference for the Volunteer Committee. FOGH did not have direct knowledge of the form of the checks for many months after the date of the checks.

Exhibit 2 includes the documentation supporting these transactions.

The details of this meeting are more completely documented in our response to Recommendations 11 and 12. For purposes of responding to this recommendation, FOGH asserts the following:

1. Within two months of the organization of Friends of Gary Hart – 1988, Inc., the Committee reviewed various activities of the Volunteer Committee and determined that 25% of the costs of the July, 1986 conference should properly be attributed to the testing-the-waters phase of FOGH. In obtaining documentation for this review, FOGH discovered that these reimbursements to Stratton & Associates were made by checks drawn on corporate accounts. FOGH immediately requested that Stratton & Associates refund these amounts.

2. The amount of the in-kind contribution to FOGH is at most 25% ($1,025.00) of the face value of the checks written.

~~RECOMMENDATION #3~~

In the course of the field audit, the Audit staff reviewed the contributions in the FOGH files identified by suspense code 'AW,' recognizing that the payee of the check was Americans with Hart, rather than Friends of Gary Hart – 1988, Inc.

Americans with Hart, Inc. (AWH) was the official name of a previous presidential campaign of candidate Gary Hart. Since AWH was raising funds to repay campaign indebtedness at the same time FOGH was raising funds for the current campaign, it was essential to direct contributor checks to the proper entity.

Friends of Gary Hart – 1988, Inc. instituted careful procedures to assure that contributions received by FOGH, but intended for AWH were forwarded to AWH for deposit. When such checks were inadvertently deposited to FOGH (as was true in the case of the 6 contributions totalling $530 noted in the Interim Audit Report), the funds were promptly forwarded to AWH.

In certain specific instances, attendees at a particular FOGH event were incorrectly told by field organizers to make contribution checks payable to "Americans with Hart" although the intent of the event was clearly for the 1988 campaign. In such cases, FOGH deposited and retained the funds. Where signature statements could be obtained to prove that the contributions were intended for FOGH, these contributions were submitted for matching funds. When such a statement was not obtained, the funds were retained by FOGH, but not submitted for matching funds.

At the time of the audit, $13,076.00 from 144 contributors was retained by the Committee. These funds have been handled as follows:

1. A check for $3,325.00, representing the contributions of 116 contributors, was forwarded to the designated legal counsel for AWH. Although FOGH argues that documentation available to the Audit staff during the course of the audit adequately demonstrates that the intent of

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~~RECOMMENDATION #10, SECTION 2~~

[Michael J. Stratton, $33,949.80]
(Exhibit 9)

FOGH has obtained additional documentation from Stratton & Associates, which is included in Exhibit 9. On the basis of this information, FOGH has prepared amendments to its Report of Receipts and Disbursements including additional descriptions of the purposes of certain payments.

RECOMMENDATION #10, SECTION 3

[Amendment to Schedule B-P]

FOGH is filing a comprehensive amendment to its Report of Receipts and Disbursements which will fully satisfy this Recommendation.

RECOMMENDATION #10, SECTION 3

[Consulting Fees to Patti Sampers from Arnold & Porter]
(No Exhibit)

FOGH has prepared amendments to its Report of Receipts and Disbursements properly disclosing payments made to Patricia Sampers for Exempt Legal and Accounting services from an unused portion of legal retainer held by Arnold & Porter.

RECOMMENDATION #11

[25% / 75% allocation with Volunteer Committee]
(Exhibit 10)

In July, 1986, The Volunteer Committee (TVC) sponsored a conference at the Executive Tower Inn in Denver, Colorado. The event was organized by Stratton & Associates, as further described in FOGH's response to Recommendation #12 below, which received contributions from certain participants and made all disbursements for expenses related to the weekend.

At the time of the event, FOGH had not been organized. However, within two months of the organization of FOGH, Committee officials reviewed various activities of the Volunteer Committee, seeking to report properly any which may be regarded as "testing-the-waters" activities of FOGH. Upon recommendation of its legal counsel, FOGH determined that a portion of the event should be so allocated. Accordingly, 25% of the contributions and expenses of the July, 1986 event were allocated to FOGH as in-kind contributions (and in-kind disbursements).

Michael R. Moore, who served both as Treasurer of the Volunteer Committee and Treasurer of Friends of Gary Hart – 1988, Inc. (from inception through December, 1987), was involved in initiating

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the review of Volunteer Committee activities and in the determination of the allocation percentages. Mr. Moore has provided a document (included in Exhibit 10) describing the event in question and the considerations leading to the 75%/25% allocation. He has also provided a copy of the agenda for the meeting (also included in Exhibit 10).

Mr. Moore's concluding statement:

> "The 25% allocation is also subjective, but we believe it allocates generously the extent of testing-the-waters activities."

represents the position of FOGH.

RECOMMENDATION #12

[Income and expenses of the July, 1986 event]
[Michael Stratton's role in Volunteer Committee]
{Exhibit 11}

Stratton and Associates (SA) assisted the Volunteer Committee in organizing an event in July, 1986. When FOGH was formed, a portion (25%) of the income and expenses for this event was allocated to FOGH as a "Testing-the-waters" activity.

Several of the attendees made contributions to the Volunteer Committee (by making checks payable to the Stratton and Associates) to cover the cost of the event.

Mr. Michael Stratton has cooperated with FOGH in providing documentation for SA disbursements and receipts related to this event:

Invoices		SA Disbursements		
Quik Print	87.60	3038	Quik Print[1]	87.60
Executive Tower Inn	2282.03	3487	Executive Tower Inn	45.68
		3047	Executive Tower Inn	100.00
		3088	Executive Tower Inn	800.00
		MISC	Executive Tower Inn	1316.35[2]
Rosen-Novak Rent-a-car	302.28	2972	Rosen-Novak	158.84
Rosen-Novak Rent-a-car	302.28	3003	Rosen-Novak	750.00
Rosen-Novak Rent-a-car	302.28			
Wrangler 2	1440.00	3021	Wrangler 2	1440.00
Butler Rents	483.00	3018	Butler Rents	483.00
Documented misc cash disbs	1,397.61	3041	Tri-State Bank (cash)	1,500.00
Undocumented misc cash	102.39[3]			
Sage Brush	22.50	3316	Sage Brush	22.50
Marlowe's	232.60		American Express charge	232.60
Chesby's	20.05		American Express charge	20.05
Northglenn Travel Agency	391.00	3026	Northglenn Travel Agency	1428.50
Northglenn Travel Agency	278.00	3082	Northglenn Travel Agency	137.50
Northglenn Travel Agency	195.50		Northglenn Travel (refund)	95.00-
Northglenn Travel Agency	100.00[4]		Northglenn Travel (refund)	200.50-
Northglenn Travel Agency	100.00[5]		Correction	.40
Northglenn Travel Agency	137.50			

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Total disbursements	[illegible]	[illegible]

[1]A copy of SA check 3038 could not be located for this report. The check number is, however, noted on the QuikPrint invoice.

[2]Apart from the checks listed, checks documenting SA payments to Executive Tower Inn for this event could not be segregated from other SA payments to the same vendor. The entire billed amount was, however, paid by SA.

[3]Receipts are available for all but $162.20 of the cash received.

[4]When the use of the bus was cancelled, the initial invoice amount of $300.00 was changed to $100.00, resulting in a $200.00 refund to SA.

[5]When the use of the bus was cancelled, the initial invoice amount of $195.60 was changed to $100.00, resulting in a $95.60 refund to SA. The actual refund check was written for $95.60, resulting in the $0.40 correction.

SA used the proceeds from the following Volunteer Committee contributions to cover the costs.

Donor	Amount
Erv Torrell	1,800.00[6]
Albert H. Gersten, Jr.	2,500.00[6]
David Stein	1,000.00[6]
William Broadhurst	1,000.00
Don Carlson	2,000.00
Stuart Karl	600.00
Total	7,900.00

[6]These three contributions, totalling $5,100.00 and specifically noted in the Interim Audit Report, were initially made by corporations. Since SA subsequently refunded these amounts to the corporations, and received checks drawn on personal accounts, we have listed the contributors as the individuals shown.

Therefore, there was a net deficit of $256.62 in funding this activity. The deficit was funded by SA and included as a part of its in-kind contribution to the Volunteer Committee. SA valued its services, for reimbursement of office expenses (telephone, postage, etc.), consulting services, and funding the deficit at a total of $2,300.00.

FOGH properly reported its 25% share of these amounts as in-kind contributions on its Report of Receipts and Disbursements for the period inception – June 30, 1987.

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~~RECOMMENDATION #3~~

[Per diem payments]
(Exhibit 12)

In a post-audit response to questions raised by the auditors, FOGH has argued that its per-diem policy, along with agreements signed by recipients of per-diem payments and cancelled checks satisfy the burden of proof requirements for documentation of disbursements set forth in Section 9033.11 of the Code of Federal Regulations. For each disbursement in excess of $200, the Committee has presented both a cancelled check and collateral evidence, as required by 9033.11(b)(iv)(B), namely "evidence that the disbursement is covered by a preestablished written campaign policy, such as a per diem policy. The Committee continues to stand by that argument, noting that it has carefully complied with the regulations as written.

Friends of Gary Hart - 1988, Inc.

The Volunteer Committee Event

The purpose of the July 11-13, 1986 meeting was to further the mission of The Volunteer Committee: "to promote, facilitate and coordinate the volunteer involvement of individuals in the political campaigns of Democratic Party Candidates for federal office, and to solicit and accept voluntary contributions from individuals, and make expenditures of such funds, to Democratic Party candidates for federal elective office or their campaign committees, to the extent permitted by law."

TVC's activities were designed to leverage the public interest in Senator Gary Hart, whose prominent positioning in the Democratic Party, following the 1984 elections, could be expected to attract volunteers and contributors who would enable The Volunteer Committee to accomplish its mission. Interest in Gary Hart was heightened by the prospect that he would emerge as the front-runner for the Democratic Party's 1988 nomination for president.

In pursuing its mission, The Volunteer Committee, capitalized on the speculation and anticipation concerning Hart's 1988 candidacy for the presidency. Hart's positions on issues, Hart's travel and public appearances, Hart's future plans, all were of high interest to state party officials, volunteers and members of campaign organizations of Democratic Party candidates. Hart's involvement and support was seen to add value to a congressional candidate's campaign, in part due to the speculative interest in a Hart 1988 presidential candidacy.

The July 11-13 meeting was organized to promote the programs of The Volunteer Committee, to inform state party workers and individuals involved with candidates for 1986 federal offices about the resources of the Committee and how TVC and Gary Hart might assist Democratic Party candidates. The Committee's assistance was focused on in-kind, rather than money contributions: the preparation and distribution of issues papers and campaign organization and management materials; the recruitment and matching of volunteers to candidates, based on shared values: the scheduling of Gary Hart to assist the congressional candidate in organization building, public appearances, fundraising, etc.

The July 11-13 meeting was scheduled at a time, following most of the 1986 state primaries, when when candidate plans for general election campaigns were being formulated. The timing of the meeting and its agenda were intended to get maximum benefit of materials prepared by the Committee, of volunteers it had recruited to work in 1986 election campaigns, and of Gary Hart's personal involvement in these campaigns.

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The agenda of the meeting included orientation and discussion of these dimensions of the Committee's work: issues papers, campaign management materials, FEC compliance issues, overall political strategies, Gary Hart's activities and future plans, etc.

Friends of Gary Hart - 1988, Inc. was not formed until November 1986. As the staffing of the FGH 1988 came together, the Committee's treasurer, in consultation with legal counsel, reviewed the activities which occurred prior to organization of the Committee to determine which, if any, should be accounted for as testing-the-waters activities. Their judgment was that, although the July 11-13 meeting was organized and executed to accomplish the purposes of The Volunteer Committee, that sufficient incidental activity took place which might be considered to be of a testing-the-waters nature, and that Friends of Gary Hart - 1988 should designate the July 11-13 meeting as the initial event for beginning testing-the-waters accounting.

We believe that a conclusion that meeting was conducted solely for the purposes established for The Volunteer Committee could have been made and would have been defensible. We chose retroactively, however, to label certain incidental activities around the meeting as testing-the-waters, as it was the earliest possible event which, to our knowledge, included activities that might be construed as testing-the-waters. The judgments to designate the July 11-13 meeting as the starting point of FGH 1988 activities, and the 25% allocation percentage assigned, were subjective, made with the intention of not understating the start-up costs of FGH 1988.

The allocation was not based on counting time spent on individual agenda items or on any other objective measures. There was no statistical or measurable basis available to fix an allocation percentage. Even the subject matter of an agenda item, in itself, not determinative of the purpose. Discussion of Gary Hart's plans and prospects for 1988, for example, would be entirely within the purpose of The Volunteer Committee's charter to generate interest in deploying Gary Hart to the advantage of Democratic Party candidates for congress in 1986.

There is little science underlying the judgment that a meeting, agenda item or conversation is wholly or in-part of a testing-the-waters nature. Our judgments were based on a belief that specific testing-the-waters conversations started about this time, albeit incidental to a meeting organized by a different organization, pursuing a different set of purposes. The 25% allocation is also subjective, but we believe it allocates generously the extent of testing-the-waters activities.

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Agenda For Denver, Colorado Meeting
July 11-13, 1986

FRIDAY EVENING: Arrivals by 4:00 PM.

4:30 - 6.15 PM: Reception sponsored by the Colorado Host Committee at Executive Tower Inn. Informal dinner arrangements can be made at the reception since no formal dinner is planned.

Executive Tower Inn (ETI)
1405 Curtis Street
Denver
303-571-0300

SATURDAY:

8:00 - 9:00 AM: Continental Breakfast at Executive Tower Inn

9:00: FIRST SESSION begins

9:00 - 9:15: Welcome by Bill Dixon, overview of what we intend to accomplish during the weekend, description of agenda, opening remarks.

9:15 - 9:45: Bill Dixon and Bill Shore, summary of overall political strategy for 1986 and the future.

9:45 - 10:00: Q&A

10:00 - 10:45: PANEL I. Mike Moore, Richard Wagner, Jack Quinn, and Bill Dixon to discuss: debt retirement, fundraising strategy, FEC compliance, and related campaign finance matters.

10:45 - 11:15: Q&A

11:15 - 12:00: PANEL II. Bill Morton, Jack Quinn, Bill Dixon and Bill Shore to discuss Fairness Commission rules, changes in 1988 calendar, delegate selection procedures, DNC and automatic delegates.

12:00 - 12:15: Q&A

12:15 - 1:30: Lunch

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1:30: SECOND SESSION BEGINS

1:30: - 2:15: PANEL III. Jon Mills, John Emerson, Sue Casey, Chris Brown, John Kulewicz and Rick Ridder to discuss organizing techniques, recruitment of elected officials into state organizations, integration of party establishment, and related matters.

2:15 - 2:30: Q&A

2:30 - 3:00: PANEL IV. Greg Lebel, Doug Wilson, Chris Phillips, and Bill Shore to discuss 1986 elections, candidates GH is helping, The Volunteer Committee, etc.

3:00 - 3:45: PANEL V. Discussion on issues, themes, press - Kevin Sweeney and David Dreyer.

3:45 - 4:00: Q&A

4:00 - 4:15: BREAK. ARRIVAL OF GWH. MIX AND MINGLE

4:15 SECOND SESSION CONTINUES

4:15 - 4:45: GWH speaks on his vision of where the country is headed, major themes, etc.

4:45 - 5:45: Open group discussion with GWH

5:45 - 6:45: DOWNTIME

6:45 - 7:00: Van departure to dinner

7:00: Dinner at The Denver Kent Day School

SUNDAY:

8:00 - 9:00: Continental Breakfast at ETI

9:00: THIRD SESSION BEGINS

9:00 - 9:30: PANEL VI. Discussion by Chris Phillips and Richard Wagner on communications networks - - both intra and interstate: lists, newsletters, etc.

9:30 - 10:15: SUMMARY AND WRAP-UP by Bill Dixon and Bill Shore. Outline of specific requests of state leaders for the future.

3 4 0 4 3 6 0 4 0 9 0

10:15 - 10:30: Depart for Gary and Lee's home at Troublesome Gulch

NOTE: LAST VAN DEPARTS AT 10.30 AM SHARP!!!

11:00 - 1:00: BRUNCH AT TROUBLESOME GULCH with Gary and Lee Hart

1:00: Retreat ends. Open time. Departures.

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Contributions Made by the Colorado Democratic Party

Section 441a(a)(1)(A) of Title 2 of the United States Code states that no person shall make contributions to any candidate and his authorized political committee with respect to any election for Federal office which, in the aggregate, exceed $1,000.

Section 100.7(a)(1)(iii) of Title 11 Code of Federal Regulations states, in relevant part, that the term "anything of value" shall include all in-kind contributions, and the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods and services is a contribution.

Section 441a(a)(2)(A) of Title 2 of the United States Code states that no multicandidate political committee shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $5,000.

The Committee received correspondence, dated May 11, 1987, from the Colorado Democratic Party regarding an amount expended on behalf of the Committee (see Attachment 1). Expenses totaling $27,180, comprised of rent, $21,300, telephones, $5,570, and reception, $310, were listed. According to the records made available to the Audit staff, no documentation accompanied the correspondence in support of the $27,180 in expenses. On May 1, 1987, the Committee recorded an in-kind contribution for rent from the Colorado Democratic Party in the amount of $5,000.

As noted above, no documentation accompanied the May 11 invoice and no other support was made available to the Audit staff. It was not possible, therefore, to determine when the expenses were incurred, with the exception of the $21,300 for rent which was listed as being the rent expense from December 1986 through May 1987. Payments were made by the Committee on January 5, 1987 ($2,800), January 20, 1987 ($3,250), February 5, 1987 ($3,500), June 3, 1987 ($7,350) and July 19, 1988 ($5,280). A $5,000 in-kind contribution for space rental was reported as an operating expense on May 1, 1987.

It is the opinion of the Audit staff that, given the above mentioned circumstances, a question arises as to whether the $22,180 ($27,180 less the $5,000 in-kind contribution) is an excessive contribution from the Colorado Democratic Party.

The Committee representative stated in a response to the exit conference that, following a review with the Colorado Democratic Party, it was discovered that the Committee had been under billed by the Colorado Democratic Party by $5,280, and that this amount would be paid in July, 1988. This amount was paid, as noted above, on July 19, 1988.

In the interim audit report, the Audit staff recommended that within 30 calendar days of the date of service of this report the Committee:

- provide evidence demonstrating that the $22,180 in amounts expended by the Colorado Democratic Party on behalf of the Committee is not an excessive contribution, and,

- provide documentation relative to the $27,180 valuation which should include a detailed description of the circumstances surrounding the occurrence, including copies of invoices received from the telephone company and other parties and copies of the Colorado Democratic Party's cancelled checks used to pay the invoices.

The Committee was also advised that further recommendations may be forthcoming.

The Committee's response regarding the matters discussed above was received on March 28, 1989. The Committee submitted (1) an affidavit from the Chairman of the Colorado Democratic Party in which he describes the arrangement between the Committee and the Party, (2) photocopies of 10 checks (totaling $32,044.67) written on the account of Democratic State Central Committee/State ("DSCC/S") to vendors, and (3) a photocopy of the lease agreement.*/

It appears DSCC/S is not a registered committee. A review of reports filed by the Democratic State Central Committee [of Colorado], FEC ID# C00161786, for the period in question did not locate any of the disbursements enumerated in the Committee's response as on behalf of the Committee (see Attachment #2, page 2). Given the DSCC/S is not a federal committee, the amounts paid on behalf of the Committee may be viewed as impermissible (see 11 C.F.R. §102.5(a)(1).**/ Thus, based on the information

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*/ Photocopies of invoices requested in the interim audit report were not provided.

**/ According to Campaign Finance Law 88, Chart 2-A, Colorado law does not prohibit corporate and/or labor union contributions.

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available at this time, it appears that this matter should be viewed in the context of a prohibited contribution (11 C.F.R. §102.5(a)(1) and 2 U.S.C. §441b(a), not as a possible excessive contribution as originally contemplated.

The Committee's response details $27,180 in payments made from December 11, 1986 through July 19, 1988 plus a $5,000 in-kind contribution.

Therefore, in the opinion of the Audit Division, the payments ($27,180) made by DSCC/S on behalf of the Committee represent prohibited contributions. In view of the fact that the Committee reimbursed $22,180, a reimbursement to DSCC/S of $5,000 is required.

Recommendation #4

It is recommended that this matter be referred to the Office of General Counsel in accordance with Commission approved Materiality Thresholds.

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EXHIBIT D

Attachment #1
(1 page)

May 11, 1987

TO: David Miller
FROM: Sigrid Freese
RE: Accounts payable to Colorado Democratic Party

In conversations Bule had with Bill Dixon and that you and I had, we discussed ways in which the Hart campaign might do telemarketing, printing and other services to repay the Colorado Democratic for money it was expending for rent and telephones for the campaign headquarters at 1600 Downing. In view of the fact that the campaign will not be able to perform those services, beyond what was done on a trial basis in February and March, I want to bring you up to date on what the Party has spent that will need to be repaid.

$21,300	-	Rent, Dec., 1986-May, 1987
2,500	-	Mountain Bell
2,070	-	HiCountry Tel.
1,000	-	AT&T
310	-	headquarters opening reception
$27,180		Total expended by Colorado Democratic Party

From this total needs to be subtracted the following: the $5,000 which we as a multi-candidate committee can donate to a federal candidate, and the $9,550 which the Friends of Gary Hart has already reimbursed us.

$27,180		
-5,000	-	Colorado Democratic Party contribution to Friends of Gary Hart
-9,550	-	Reimbursement received from Friends of Gary Hart
$12,630		Balance due the Colorado Democratic Party

I would appreciate your attention to this as you wind down the financial aspects of the compaign.

12.630.00
7,380.00
$ 5,250.00

COLORADO Democratic Party
IN-KIND
$ 5,000 00

Bule Sagnell, Chairman
Margo Price, First Vice-Chair
Tom Oliver, Second Vice-Chair
Tom Ryan, Secretary
Chris Gates, Treasurer
Kathy Farley, DNC Member
Mike Mullin, DNC Member

1728 Downing Street
Denver, Colorado 80218
Telephone: 303-830-8989

2 4 0 4 3 6 0 0 4 0 9 5

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RECOMMENDATION #5

[Colorado Democratic Party]
(Exhibit 4)

During the first portion of its campaign, the principal offices of Friends of Gary Hart – 1988, Inc. were located at 1600 Downing Street in Denver, Colorado in space subleased from the Colorado Democratic Party.

The space had been leased by the Colorado Democratic Party previously on behalf of other Colorado candidates. The Party renegotiated its lease with Woodward & Company on the basis of an informal agreement with FOGH to sublease the space for the duration of its campaign. FOGH was to pay the monthly lease amount of $3,500 per month, and any other initial expenses.

As a multi-candidate committee, the Colorado Democratic Party made a $5,000.00 in-kind contribution toward the March and April rent payments. According to a memo from Sigrid Freese, Executive Director of the Colorado Democratic Party, to David Miller, there was an outstanding balance of $5,280.00 due at the time the campaign terminated. This amount was paid in full in July, 1988.

The Colorado Democratic Party has provided photocopies of its checks related to this transaction and of its lease at 1600 Downing Street, Denver, CO which are included in Exhibit 4. Bule Seawell, Chairman of the Colorado Democratic Party has also provided an affidavit (included in Exhibit 4) describing the Party's agreement with FOGH.

CHECKS WRITTEN BY THE COLORADO DEMOCRATIC PARTY RELATED TO EXPENSES INCURRED ON BEHALF OF FRIENDS OF GARY HART - 1988, INC.

Check Number	Check Date	Payee	Check Amount	FOGH Amount
[illegible]	12/11/86	Woodward & Co. Trust Account	11,784.67	7,000.00[1]
[illegible]	12/17/86	Mountain Bell	2,000.00	2,000.00
[illegible]	12/17/86	High Country Wire & Telephone	2,078.00	2,078.00
[illegible]	01/07/87[2]	AT&T	1,000.00	1,000.00
[illegible]	01/21/87	Miller Associated Realty[3]	3,000.00	3,000.00
[illegible]	02/06/87	Miller Associated Realty	3,000.00	3,000.00
[illegible]	02/06/87	Villa Monaco Liquors	318.00	318.00
[illegible]	03/06/87	Miller Associated Realty	3,000.00	3,000.00
[illegible]	03/26/87	Miller Associated Realty	300.00	300.00
[illegible]	04/06/87	Miller Associated Realty	3,000.00	3,000.00[4]
		Total	32,041.67	27,100.00

CHECKS WRITTEN BY FRIENDS OF GARY HART - 1988, INC. TO THE COLORADO DEMOCRATIC PARTY

Check Date	Check Amount
01/06/87	2,000.00
01/20/87	3,000.00
02/06/87	3,000.00
04/03/87	7,000.00
07/15/88	5,000.00
Total	22,100.00

[1]The Colorado Democratic Party's payment to Woodward & Co. Trust Account included amounts for November, 1986 and a security deposit. FOGH's sublease of the space was effective December 1, 1986. According to the sublease provisions of the lease agreement, FOGH was not required to make a separate security deposit. Therefore, FOGH was only responsible for two months rent (December, 1986 and January, 1987) at $3,500.00 per month.

[2]Note that the date on the check (01/07/86) is incorrect. The check was actually written in January, 1987.

[3]Note that effective with this payment, lease payments from the Colorado Democratic Party were made to Miller Associated Realty, instead of Woodward & Co.

[4]As noted on the check copy, the Colorado Democratic Party paid an additional $100.00 above the base lease amount for additional parking privileges for its own purposes.

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Contribution of Furniture

According to Committee generated records, on December 23, 1987, the Committee received an in-kind contribution of furniture from 6 individuals. According to the documentation made available, the total value placed on the furniture was $4,923. The 6 individuals consisted of 3 couples, each donating $1,641. A list of items, dated January 12, 1988, on the letterhead of Office Liquidators, Inc., of Denver, Colorado, was attached as documentation. One couple was the president of Office Liquidators, Inc., and his spouse. Another couple listed as their employer Arizona Office Liquidators. Although the Committee reported contributions of $820.50 for each of the 6 individuals, there was no documentation made available which supported the attribution made by the Committee.

Committee officials stated that they have requested additional documentation from the contributors, but have run into difficulties with the contributors because of dissatisfaction with the candidate on an unrelated issue. Committee officials added that any supplemental documentation received by the Committee will be forwarded to the Audit staff.

It is the opinion of the Audit staff that documentation was inadequate both to support the value of the furniture donated and the attribution between spouses. There is also a question as to whether the named corporations may have contributed the furniture.

An additional item with respect to contributions of furniture was noted during the review of payments to Stratton and Associates (see Interim Audit Report, Finding II.G.). On one of the invoices examined during the review there is a note to the effect that Merchant's Office Furniture, a corporation, supplied the Committee with "free desks, cabinets, etc.," indicating a possible corporate contribution (see Attachment 1, page 6).

In the interim audit report, the Audit staff recommended that within 30 calendar days of the date of service of this report the Committee provide the following:

- documentation detailing the fair market value for each item,
- evidence that the furniture donated was the property of the individuals as opposed to the named corporations,
- documentation relating to the attribution of each contribution among the individuals, and

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- provide sufficient documentary evidence concerning the possible corporate contribution by Merchant's Office Furniture to allow the Audit staff to make a determination in this matter as to the nature of this transaction.

Further recommendations may be forthcoming.

The Committee in its response, received March 28, 1989, stated that it "determined that the six in-kind contributions of office furniture were, in fact, not from the individuals listed on the FOGH report:...Instead, the furniture was owned and contributed by Office Liquidators, Inc., a Colorado corporation. Once FOGH became aware of the corporate nature of the contribution, campaign officials quickly determined to refund a 'fair market price' for the furniture."

The Committee then discusses its efforts to determine a fair market value for the items in question (see Attachment #1, page 1). In support of its valuation, the Committee submitted a document obtained from Office Liquidators' files listing the items donated to the campaign and containing a hand-written notation showing, according to the Committee, the cost ($928.00) paid by Office Liquidators, Inc. for the donated equipment. To this amount ($928.00), the Committee added $246.80 representing 10% mark up, $100 delivery charge and $50 for the cost of certain items not included in the $928 cost. By invoice, dated March 13, 1989, Office Liquidators, Inc. billed the Committee $1,174.80 and the Committee supplied the frontside of check #2838, $1,174.80 dated February 22, 1989 in payment thereof. (See Attachment #1, pps. 2-4.) The Committee also mentioned it had prepared documentation to amend its reports.

Based on the information provided to date, it is the Audit staff's opinion that the Committee accepted and Office Liquidators, Inc. made a prohibited contribution in an amount of at least $1,174.80. Further, it appears that a violation of 2 U.S.C. §441f may also have occurred with respect to this transaction.

The second issue addressed in the interim audit report concerned a possible in-kind contribution of office furniture by Merchants Office Furniture. The Committee submitted a letter signed by Richard Sanders, President, Merchants Office Furniture, in which he states that "Merchants is very proud of its recordkeeping (hardcopies and computer files) and we find no copy of any furniture donations to your campaign." Mr. Sanders goes on to state "However, we occasionally have used non-inventoried furniture which we do set aside for either trash or one of the non-profit agencies to pick-up. Should any of this furniture be 'donated' it would have no value and therefore, we do not keep any records of such transactions." (See Attachment #1, page 7.)

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The Committee also related a discussion between Committee officials and Michael A. Stratton [the author of the notation on the invoice], wherein Mr. Stratton explained that "he did not actually recall any such furnishings being contributed to FOGH" and that the notation was included on the invoice in an attempt to obtain priority payment for this invoice.

In view of the statement submitted from Richard Sanders, it appears that no further action is warranted regarding a possible donation by Merchants Office Furniture.

Recommendation #5

With respect to the matter concerning Office Liquidators, Inc., it is recommended that this matter be referred to the Office of General Counsel.

Concerning Merchants Office Furniture, this matter is also recommended for referral based upon the request made by the Office of General Counsel in its analysis.

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RECOMMENDATION #7, SECTION 1

[Office Liquidators]
{Exhibit 5}

FOGH has determined that the six in-kind contributions of office furniture were, in fact, not from the individuals listed on the FOGH report:

Jeffrey Meehan, 2011 E. Orangewood Avenue, Phoenix, AZ 85020	$20.50
Dianne Meehan, 2011 E. Orangewood Avenue, Phoenix, AZ 85020	$20.50
Dennis Meyer, 1325 S. Ingalls St., Lakewood, CO 80226	$20.50
Valerie Meyer, 1325 S. Ingalls St., Lakewood, CO 80226	$20.50
Scott Trauth, 8061 S. Upham, Littleton, CO 80213	$20.50
Linda Trauth, 8061 S. Upham, Littleton, CO 80213	$20.50

The total value of these contributions was $4,923.00, which was described as "Fair Market Value" on an internal FOGH form used to record in-kind contributions.

Page 10

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Instead, the furniture was owned and contributed by Office Liquidators, Inc., a Colorado corporation. Once FOGH became aware of the corporate nature of the contribution, campaign officials quickly determined to refund a "fair market price" for the furniture.

This value, however, was very difficult to determine, since any valuation would be based on condition at the time of contribution. Staff members received an extremely wide range of informal opinions from other local companies dealing in used office furniture. However, all such opinions were significantly below the "fair market value" of $4,923.00 cited above. Furthermore, some vendors noted that the fair market value of non-matching furniture, sold as a lot, is customarily less than the total value of all the pieces priced individually.

FOGH concluded that the $4,923.00 value initially placed on the equipment by the donor was highly inflated, and does not accurately reflect "fair market value" at the time of the contribution.

In the course of discussions with the owner of Office Liquidators, FOGH obtained a document from Office Liquidators' files listing the items donated to the campaign and containing a hand-written notation showing the cost paid by Office Liquidators for the donated equipment to be $828.00. This document is included in Exhibit 5. The "fair market value" was determined by adding to this amount $50.00 (the estimated value of items donated, but not itemized in the 'cost' total of $828 (the shelving unit, desk organizer, wastebaskets, staplers, pens and miscellaneous items) and adding a factor of 10% (an agreed "fair" markup for lot purchases). The total was then increased by $100.00 to cover delivery costs (including elevator charges) to FOGH headquarters. The final total was $1,174.80. Office Liquidators invoiced FOGH for this amount, which FOGH paid with check 2838. Copies of these documents are included in Exhibit 5.

FOGH has also prepared documentation to amend its Report of Receipts and Disbursements, noting this change to lines 17(a) and 23.

LIST OF ITEMS DONATED TO THE FRIENDS OF GARY HART CAMPAIGN

10) Metal Desks
6) 5-Drawer Legal File Cabinets
12) Utility Tables
8) Steno Chairs
28) Side Chairs
4) Double Pedestal Desks
1) Wood Secretarial Desk
1) Shelving Unit
1) Desk Organizer
6) Wastebaskets
Staplers, Pens & Miscellaneous Items

Cost

Desks	310
Chairs	150
Tables	120
Files	348
	$ 928

OFFICE LIQUIDATORS, INC.
1841 W. Evans Avenue
DENVER, COLORADO 80223
(303) 922-3355

CUSTOMER'S ORDER NO. | PHONE | DATE 3/13/87

NAME
ADDRESS FRIENDS OF GARY HART
1600 DOWNING ST.
DENVER, CO 80218

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RET'D.	PAID OUT	
OM							

QTY.	DESCRIPTION	PRICE	AMOUNT
	WOOD DESKS, METAL DESKS, VARIOUS CHAIRS, TABLES, FILE CABINETS, SHELVING, ETC. (*PRICE AGREED TO IS COST PLUS 10%)		1074 80*
	DELIVERY		100 00
	"ALL ITEMS SOLD AS IS - ALL SALES FINAL"		
	TAX EXEMPT #84-1041162	TAX	—
RECEIVED BY ALREADY DELIVERED		TOTAL	1174 80

2400436041103

09316

All claims and returned goods MUST be accompanied by this bill.

Thank You

EXHIBIT E
Attachment #1
Page 4 of 8

FRIENDS OF GARY HART 1988, INC.
1660 GILPIN ST (303) 329-8188
DENVER, CO 80218

2838

23-7/1020

3/22 19 87

Pay to the order of Office Expenditure $1,174.50

One Thousand One Hundred Seventy Four & 50/100 Dollars

United Bank
United Bank of Denver • National Association
(303) 861-8811 • 1700 Broadway • Denver, CO 80274

For

⑈002838⑈ ⑆102000076⑆ 740 901⑈

2 4 0 4 3 6 0 4 1 0 4

RECOMMENDATION #7, SECTION 2

[Merchant's Office Supplies]
{Exhibit 6}

The auditors have called attention to a notation on an invoice from Merchant's Office Furniture. The handwritten note, from "MAS" (Michael A. Stratton) to "Emo" (John Emerson), states that

> "These guys have given us free desks, cabinets, etc. to date"

FOGH staff members have met with Mr. Stratton to determine the meaning of the statement referenced in the interim audit report. He stated that the notation was included on the invoice in an attempt to obtain priority payment for this invoice. Mr. Stratton explained that Merchant's Office Furniture had made such contributions to other political campaigns with which Stratton and Associates had been involved. However, he did not actually recall any such furnishings being contributed to FOGH.

FOGH has also requested information from Merchant's Office Furniture relating to any possible contribution. Their letter, dated October 3, 1988, is included in Exhibit 6.

After its review, FOGH concludes that Merchant's Office Furniture made no in-kind contribution of equipment or furnishings to FOGH.

2436041105

[redacted]

Stratton & Associates (Hart Campaign)
1732 East 17th Ave
Denver, Co 80218 329-3526

No. 3J798

	8	Panels Assorted 6'	$550.00

1-22-87
paid/Check 3498
$ 550.00

[redacted] 2 yrs Rental

Special Instructions	Sub-Total 550.00
	State tax
	City tax Tax Exempt
	RTD tax
	TOTAL 550.00

1½% per month service charge on past due accounts annual percentage rate of 21%
All merchandise remains property of merchants office furniture until paid in full

INVOICE

RTD tax Exempt	
TOTAL	550.00

ial percentage rate of 21%
rniture until paid in full

① These guys have given us free desks, cabinets, etc. todate
② Rented partitions for rest of campaign. Price is excellent. Each would sell for $180 used.
③ Paterson's stuff will still be needed.
④ Pls. get me reimbursed ASAP

2 4 0 4 3 6 0 4 1 0 6

Merchants
office furniture

October 3, 1988

Mr. Jim Downum
Friends of Gary Hart-1988 Inc.
c/o Generation Plus
1325 So. Colorado Blvd., Ste. 504
Denver, Colorado 80222

Dear Jim,

Per our conversation today, Merchants is very proud of its recordkeeping (hardcopies and computer files) and we find no copy of any furniture donations to your campaign.

However, we do occasionally have used non-inventoried furniture which we do set aside for either trash or one of the non-profit agencies' pick-up. Should any of this furniture be "donated" it would have no value and therefore, we do not keep any records of such transactions.

Please feel free to contact me if I can be of any further assistance.

Sincerely,

Richard Sanders

Richard Sanders
President

RS/lv

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EXHIBIT E
Attachment #1
Page 8 of 8

47 23
7420 09

FRIENDS OF GARY HART
1600 DOWNING 894-1988
DENVER, COLO. 80218

1076

23-7/1020

January 22 19 87

PAY TO THE ORDER OF Richard J Stratton

$ 550 00/100

Five hundred fifty and no/100 DOLLARS

United Bank of Denver

FOR Re-imbursement

Patricia Ann Simpers

⑈001076⑈ ⑆102000076⑆ 740 90⑆

74043604108

24043604109

Provision of Equipment and Other Goods and Services by Albert H. Gersten Jr.

a. Equipment

In a letter dated February 9, 1988, Albert H. Gersten, Jr. requested reimbursement in the amount of $9,442.88 relative to (1) equipment purchased for the Committee in January and early February 1988 ($7,887.70), (2) Gary Hart buttons purchased on February 2, 1988 ($1,140.18), and (3) transportation expenses for an individual who apparently made a campaign-related trip from San Francisco to Burlington, Virginia in December 1987 ($415) (see Attachment 1). A second letter, dated February 26, 1988, contained a request for reimbursement in the amount of $92.03 for cellular phone service. Our review of invoices and other documents related to the February 9, 1988 request indicates that Mr. Gersten apparently paid for some of the equipment with a personal check or credit card. Documentation was not available with which to determine the source of funds used to purchase 2 FAX machines and the campaign buttons (the invoice for the buttons listed the method of payment as C.O.D. and the customer's name "The Gersten Co. c/o Linda Turner."*/).

In a letter dated March 25, 1988, Mr. Gersten asked the candidate to look into the status of this request for reimbursement. According to subsequent correspondence and an internal Committee memorandum, several pieces of equipment had disappeared (1 FAX machine - $1,373.75, 2 celluar phones -$1,917, 1 PA system - $1,496). In addition, an agreement was reached between the Committee and Mr. Gersten to settle the amount due ($9,027.88) associated with the purchase of equipment and campaign buttons. Briefly, after applying a $3,000 payment, the Committee received a 75% credit ($2,317.02)**/ for the return of 1 FAX machine and 1 telephone. A rental fee of 25% of the calculated purchase price was charged. The resulting total amount due equaled $3,710.86. This amount was reported as having been reimbursed to Mr. Gersten on 6/17/88.

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*/ According to the California Secretary of State, Corporate Division "The Gersten Companies" is a corporation in good standing with a date of incorporation May 13, 1977.

**/ The FAX purchase price is overstated by $11.60, which results in an overstatement in the calculation of the 75% credit equal to $8.70.

In the opinion of the Audit staff, the above described purchases constituted a contribution to the Committee in the amount of $9,534.91.*/ Furthermore, the apparent "rental agreement" entered into between the Committee and Mr. Gersten does not, in the opinion of the Audit staff, reduce or otherwise have an impact on the amount of the excessive contribution.

b. Other Goods and Services

On April 21, 1987 and on May 7, 1987, the Committee reported two payments of $11,555.72 each to Mr. Gersten in reimbursement of expenses incurred for a Gary Hart dinner held January 29, 1987. Documentation supplied by the Committee revealed that payments had been made for this event from November 11, 1986 through February 5, 1987 (See Attachment 2), by checks drawn on accounts of The Gersten Companies. The Committee stated that a request by The Gersten Companies for reimbursement in the amount of $23,111.44 was submitted on February 27, 1987 for these expenses.

It appeared to the Audit staff that the $23,111.44 in payments detailed above could be construed as advances on behalf of the Committee, and thus an excessive contribution. In view of the fact that the checks used in payment of the original expenses were issued by an incorporated entity, The Gersten Companies, it is also possible that these payments represent a prohibited contribution.

In the interim audit report, the Audit staff recommended that, within 30 calendar days after the date of service of this report, the Committee provide evidence demonstrating that payments totaling $9,534.91 in equipment and $23,111.44 in other goods and services are neither excessive nor prohibited contributions.

Further recommendations may be forthcoming.

The Committee responded to the above recommendations on March 28, 1989. In its response, the purchases made by Mr. Gersten or his company as well as the payments made by the Committee are listed. The Committee also provided photocopies of invoices and other documents related to the equipment purchases. (See Attachment 3)

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*/ Mr. Gersten was credited with a $1,000 contribution on February 20, 1987. In addition, the Committee reported the receipt of an in-kind contribution from Mr. Gersten in the amount of $625. This contribution related to the July, 1986 meeting discussed at Interim Audit Report, Finding II.H. A refund of $625 was reportedly made by the Committee on 5/7/87.

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Regarding the second part of the interim report finding involving two payments of $11,555.72 to Mr. Gersten, the Committee stated "FOGH has already provided all documentation relevant to this recommendation."

In the opinion of the Audit staff, the Committee has produced no evidence to demonstrate that payments totaling $9,534.91 in equipment and $23,111.44 in other goods and services made by Mr. Gersten or his company were neither excessive nor prohibited contributions.

Recommendation #6

It is recommended that this matter be referred to the Office of General Counsel in accordance with Commission approved Materiality Thresholds.

24043604111

EXHIBIT F
Attachment 1
Page 1 of 19

Albert H. Gersten Jr.

9701 WILSHIRE BOULEVARD · SUITE 1001
BEVERLY HILLS, CALIFORNIA 90212
(213) 272-0700

February 9, 1988

Friends of Gary Hart
Attn: Sue Casey, Campaign Manager
1660 Giltin Street
Denver, CO 80218

Dear Sue:

Pursuant to our verbal agreement and understanding, I am now requesting reimbursement in the amount of $9,442.88 for the following described equipment provided to the campaign:

Equipment:	Invoice:	Amount:
· 2 FAX machines	4P 615072	$2,770.70-
· 1 PA System	10-118759	1.496.00
· 1 Handheld telephone	1010[illegible]	1,704.00-
· 2 Cellular phones	001260	1,917.00
· 5,000 Gary Hart buttons	3186	1,140.18
	Total:	$9,027.88

Also, we would like reimbursement for Ken Dean's travel reservations from San Francisco to Burlington, Virginia on December 24, 1987 per Invoice #63627 in the amount of $415.00 which brings the grand total to $9,442.88.

Thank you for your immediate consideration to this matter. If you have any questions or need added clarification, please do not hesitate to contact me.

Sincerely,

Albert H. Gersten

AHG:rp

EXHIBIT F

4P 615072

ADRAY'S

9575 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90036
(213) 935-0262

6909 VAN NUYS BOULEVARD
VAN NUYS, CALIFORNIA 91405
(818) 908-1500

[redacted] PICO BLVD
LOS ANGELES, CALIFORNIA 90064
(213) 479-0707

SOLD TO: CHK
DELIVERY ADDRESS: COMP 6
CITY: PHONE:
ORDER DATE: 1-19-88
DATE NEEDED:
SOLD BY: 32
NEAREST MAJOR CROSS STREETS:
UPSTAIRS DELIVERY: YES ☐ NO ☐
INSTALLATION NEEDED: YES ☐ NO ☐

QTY.	DESCRIPTION	MODEL NO.	CODE NO.	SERIAL NO.	PRICE	AMOUNT
2	PAC-TEL	FAXTEL 3000		511865	1289 90	2579 80
2	MAPELL	MD2-D 5 1/4		514299	10 90	21 80
	CHECKED OUT BY ADRAY'S			20 CASH-CKS TOTAL 1 2770.70		

-- REMEMBER --
- KEEP YOUR BOX, ALL PACKING MATERIALS, SCREWS, AND INSTRUCTIONS.
- DO NOT FILL OUT MANUFACTURER'S WARRANTY CARD UNTIL YOU ARE SURE THE UNIT IS WORKING CORRECTLY.

THIS INSURES THAT NO SERVICE CHARGE WILL BE ASSESSED FOR MISSING ITEMS IN THE EVENT THE UNIT IS RETURNED UNDER ADRAY'S

BUYER PROTECTION PLAN . . . ASK YOUR SALES COUNSELOR FOR THE DETAILS.
SEE REVERSE SIDE FOR ADDITIONAL CONDITIONS OF SALE

MERCHANDISE TOTAL	2601 60
DELIVERY	
TOTAL SALE	
SALES TAX	169 10
TOTAL AMOUNT	
DEPOSIT	
AMOUNT DUE	2770 70

GOODS IN FACTORY SEALED BOXES ARE ACCEPTABLE FOR IN-STORE CREDIT ONLY WITHIN 10 DAYS OF ITS PURCHASE WITH SALES RECEIPT ACCOMPANIED. DEFECTIVE GOODS ARE HANDLED ACCORDING TO MFG WARRANTY POLICY ONLY, WITHIN 5 DAYS FROM DATE OF PURCHASE WITH SALES RECEIPT ACCOMPANIED

MON-FRI 10:00AM TO 7:00 PM
SATURDAY 10:00AM TO 6:00 PM
SUNDAY 11:00 AM TO 5:00 PM

MERCHANDISE RECEIVED IN GOOD CONDITION

DELIVERED BY

CUSTOMER

ADRY-HART

CHECKED OUT BY ADRAY'S

003003 20 7537 01-19-88 32

CAMERA			
6	511865	MDS 1	2579.80 T
2 @ 10.90 CAMERA			
6	514299	MDS	21.80 T
		SUBTOTAL	2601.60
06		TAX	169.10
20 CASH-CKS TOTAL 1			2770.70
2 AMOUNT TENDERED			2770.70
		CHANGE	.00

THANK YOU

12/87 THRU 11/89 · 03

ALBERT. H. GERSTEN JR.

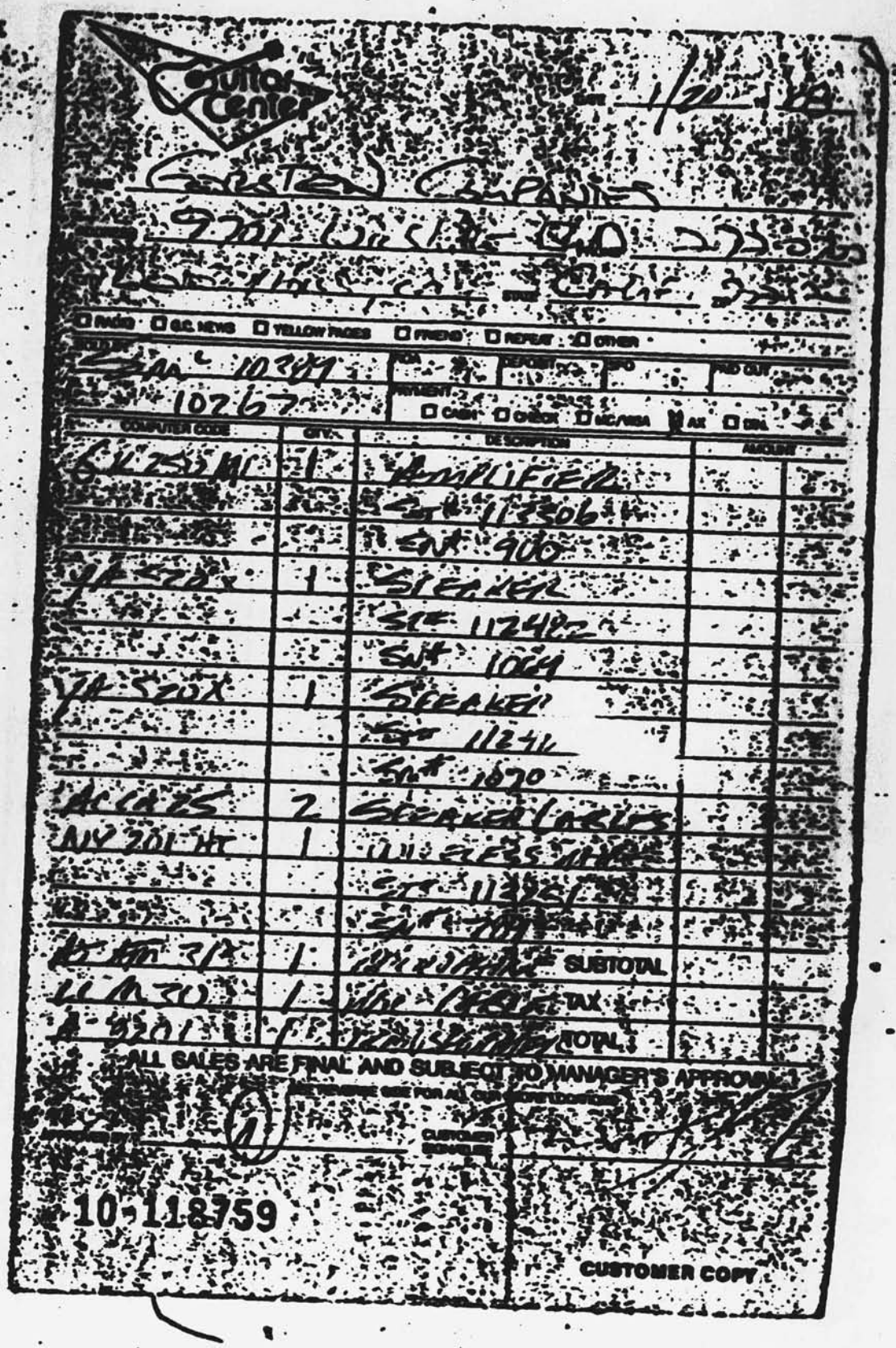
GUITAR CENTER
HOLLYWOOD CA

PA SYSTEM

1,496 -

Cards 618294

Cardmember Copy



Sutter Center

1/20/98

RADIO · SEC. NEWS · YELLOW PAGES · FRIEND · REPEAT · OTHER

10367

10767

CASH · CHECK · MC/VISA · AX · DISC

COMPUTER CODE	QTY.	DESCRIPTION	AMOUNT
GV 255 MC	1	AMPLIFIER	
		SPK 113306	
		SPK 900	
JA 520X	1	SPEAKER	
		SPK 11248	
		SPK 1054	
YA 520X	1	SPEAKER	
		SPK 11241	
		SPK 1870	
AC CA25	2	SPEAKER CABLES	
ANT 201 HT	1	ANTENNA MOUNT	
		SPK 113261	
		SPK 709	
KD 520 RX	1	CD RECEIVER	SUBTOTAL
LC M20	1	MOBILE CELLULAR	TAX
A-5201	1	REMOTE CONTROL	TOTAL

ALL SALES ARE FINAL AND SUBJECT TO MANAGER'S APPROVAL

CUSTOMER SIGNATURE

10-118759

CUSTOMER COPY

1 240436041 15

Guitar Center

DATE 1/20/88

NAME GERSTEN COMPANIES

ADDRESS 9701 WILSHIRE BLVD PHONE 278-0100

CITY BEVERLY HILLS STATE CA ZIP 90212

☐ RADIO ☐ LOS ANGELES NEWS ☐ YELLOW PAGES ☐ FRIEND ☐ REPEAT ☐ OTHER

SOLD BY MC 10267 | ACCT. | REFERRAL | SHIP VIA | PURCHASE ORDER

BLAD 10389 | PAYMENT ☐ CASH ☒ CHECK ☐ MC/VISA ☐ AX ☐ DISC

COMPUTER CODE	QTY.	DESCRIPTION	AMOUNT
GK MICK	1	GK STAND	
RENT 1135	2	MIC STAND	
		UPS NEXT	
		DAY AIR	
		SUBTOTAL	
NO TAX SHIPPED OUT OF STATE			0
		TOTAL	1496

ALL SALES ARE FINAL AND SUBJECT TO MANAGER'S APPROVAL

SEE REVERSE SIDE FOR ALL GUITAR CENTER LOCATIONS

APPROVED BY [signature] CUSTOMER SIGNATURE [signature]

10-118760

CUSTOMER COPY

2404360414-116

ALBERT H. GERSTEN, JR.
9701 WILSHIRE BLVD., STE. 1000
BEVERLY HILLS, CA 90212

3601

January 20, 1988

PAY TO THE ORDER OF Kpaso Enterprises, Inc. $ 1917.00

One-Thousand, nine-hundred and Seventeen ^00 DOLLARS

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

FOR Inv. # 001260

⑆121000358⑆ 4360411 3601

[redacted]
206 E. EUCLID AVENUE
COMPTON, CA 90224

[redacted]

ORIGINAL INVOICE

ACCOUNT NO.	INVOICE NO.	INVOICE DATE
	001260	1/15/88

SHIP TO
MR. ALBERT GERSTEN
THE GERSTEN COMPANIES
9701 WILSHIRE BLVD.
SUITE 1001
BEVERLY HILLS, CA 90212

SOLD TO

SAME

Returned goods will not be accepted for credit without our written permission and transportation charges prepaid

A charge of 10% will be made to cover handling

Salesmen cannot authorize the return of any merchandise, nor are they permitted to make allowances

CUSTOMER ORD NO.	SALESMAN	REP. NO.	TERMS	F.F.A.	COLL.	P
	S. Kraines					

STOCK NO.	DESCRIPTION	ORDERED	BACK ORD	SHIPPED	UNIT PRICE	DISCOUNT %	AMOUNT
MCP-205	TRANS-MOBILE CELLULAR PHONE	2		2	$900.00		$1,800.00
	SALES TAX				117.00		117.00

8 1 4 0 0 8 4 0 4 6

50

PLEASE PAY THIS AMOUNT → $1,917.00

MOTOROLA

Motorola Cellular Service Inc.

EXHIBIT F

Attachment 1
page 8 of 19

1. Market (City) Los Angeles
2. Special Instructions
3. Existing MCSI Account # (if applicable)
4. Application Date 1-15-88
5. Customer Contact Name Allan Cristin
6. Customer Telephone Number
7. Models of Equipment KCP-205

Mobile ____ Portable ____ Transportable ____

8. Electronic Serial No. 82066501

FOR KRACO CELLULAR TELEPHONES

12. Zone Coded
13. Activation Date
14. Billing Plan
- ✓ Basic
- ___ Frequent Caller
- ___ Express
- ___ Off-Peak
- ___ Other ____

Service Features
- ___ Call Waiting
- ___ Call Forwarding
- ___ Three-way calling
- ___ Detailed Billing
- ___ Local service area only

Other ____

9. BILLING RESPONSIBILITY

Bill to Name The Cristin Companies
Attention Allan Cristin
Address 9701 Wilshire Blvd. Suite 1001
City/State/Zip Beverly Hills, CA 9021?
County LOS

15. INITIAL CHARGES

Activation ____ Monthly Svc. Charge ____
Peak Mins ____ /min Off-Peak mins ____ /min
Other ____
Security Deposit* ____
*may be required

INTERNAL USE ONLY

Customer No.
Plan Code ____ Tax Code ____

16. Cellular Telephone Number (Supplied by MCSI)

310 271 1316

10. Tax Exempt ☐ Federal ☐ State ☐ Local

PLEASE PROVIDE COPY OF APPLICABLE TAX EXEMPT CERTIFICATES

11. CREDIT INFORMATION

Bank Ref./Contact ____ Account No./Phone ____
Reference/Contact Immigrant Express (Trade, Business or Credit Card & Exp. Date (Individual)) Account No./Phone ____
Reference/Contact Visa (Trade, Business or Credit Card & Exp. Date (Individual)) Account No./Phone ____
Trade Reference ____ Account No./Phone ____

Type of Ownership (Business Only) ☐ Sole ☐ Partnership ☐ Limited Partner ☐ Corporation

THE CUSTOMER UNDERSTANDS AND AGREES THAT THE ABOVE INFORMATION WILL BE USED TO ESTABLISH CUSTOMER'S APPLICATION FOR CELLULAR RADIO SERVICE. THIS APPLICATION IS NOT A GUARANTEE THAT CUSTOMER WILL RECEIVE CELLULAR RADIO SERVICE. THE CUSTOMER FURTHER AGREES TO THE TERMS AND CONDITIONS ON THE REVERSE SIDE UPON ACCEPTANCE OF THE APPLICATION BY MOTOROLA CELLULAR SERVICE, INC. CUSTOMER FURTHER AGREES, UPON ACCEPTANCE, THAT IN THE EVENT OF CANCELLATION OF THIS CONTRACT FOR CELLULAR RADIO SERVICE, MOTOROLA CELLULAR SERVICE INC. WILL RETAIN THE CUSTOMER'S ELECTRONIC SERIAL NUMBER UNTIL ALL CHARGES HAVE BEEN PAID.

THE UNDERSIGNED AUTHORIZES AND INSTRUCTS ANY PERSON OR CONSUMER REPORTING AGENCY TO COMPILE AND FURNISH MOTOROLA CELLULAR SERVICE, INC. WITH ANY INFORMATION IT MAY HAVE OR OBTAIN IN RESPONSE TO AN INQUIRY FROM MOTOROLA CELLULAR SERVICE, INC.

Customer Signature ____

Salesperson's Signature ____

Store Code ____ Retailer Name ____

White—MCSI

51

MCSI-4 • Rev 9/87

MOTOROLA

Motorola Cellular Service Inc.

1. Market (City) LOS ANGELES
2. Special Instructions
3. Existing MCSI Account # (If applicable)
4. Application Date 1-15-88
5. Customer Contact Name Albert Gerstein
6. Customer Telephone Number
7. Model# of Equipment KCP-205
   Mobile ____ Portable ____ Transportable ____
8. Electronic Serial No. 8206AE69

FOR KRACO CELLULAR TELEPHONES

12. Zone Installed LOS ANGELES
13. Activation Date 1-15-88
14. Billing Plan
    - ✓ Basic
    - Frequent Caller
    - Express
    - Off-Peak
    - Other

EXHIBIT F
Attachment 1
page 9 of 19

Service Features
- Call Waiting
- Call Forwarding
- Three-way calling
- Detailed Billing
- Local service area only

Other

9. BILLING RESPONSIBILITY

Bill to Name The Gerstein Companies
Attention Albert Gerstein
Address 9701 Wilshire Blvd.
Suite 1001
City/State/Zip Beverly Hills, CA 90212
County LOS

15. INITIAL CHARGES

Activation ____ Monthly Svc. Charge ____
Peak Mins ____ /min Off-Peak mins ____ /min
Other ____
Security Deposit* ____
*may be required

INTERNAL USE ONLY

Customer No.
Plan Code ____ Tax Code ____

16 Cellular Telephone Number (by MCSI)
213 1175

10. Tax Exempt ☐ Federal ☐ State ☐ Local

PLEASE PROVIDE COPY OF APPLICABLE TAX EXEMPT CERTIFICATES

11. CREDIT INFORMATION

Bank Ref./Contact ____ Account No./Phone ____
Reference/Contact AMERICAN EXPRESS (Trade, Business or Credit Card & Exp. Date (Individual)) Account No./Phone ____
Reference/Contact LOS (Trade, Business or Credit Card & Exp. Date (Individual)) Account No./Phone ____
Trade Reference ____ Account No./Phone ____

Type of Ownership (Business Only) ☐ Sole ☐ Partnership ☐ Limited Partner ☐ Corporation

THE CUSTOMER UNDERSTANDS AND AGREES THAT THE ABOVE INFORMATION WILL BE USED TO ESTABLISH CUSTOMER'S APPLICATION FOR CELLULAR RADIO SERVICE. THIS APPLICATION IS NOT A GUARANTEE THAT CUSTOMER WILL RECEIVE CELLULAR RADIO SERVICE. THE CUSTOMER FURTHER AGREES TO THE TERMS AND CONDITIONS ON THE REVERSE SIDE UPON ACCEPTANCE OF THE APPLICATION BY MOTOROLA CELLULAR SERVICE, INC. CUSTOMER FURTHER AGREES, UPON ACCEPTANCE, THAT IN THE EVENT OF CANCELLATION OF THIS CONTRACT FOR CELLULAR RADIO SERVICE, MOTOROLA CELLULAR SERVICE INC. WILL RETAIN THE CUSTOMER'S ELECTRONIC SERIAL NUMBER UNTIL ALL CHARGES HAVE BEEN PAID.

THE UNDERSIGNED AUTHORIZES AND INSTRUCTS ANY PERSON OR CONSUMER REPORTING AGENCY TO COMPILE AND FURNISH MOTOROLA CELLULAR SERVICE, INC. WITH ANY INFORMATION IT MAY HAVE OR OBTAIN IN RESPONSE TO AN INQUIRY FROM MOTOROLA CELLULAR SERVICE, INC.

Customer Signature ____
Salesperson's Signature ____
Store Code ____ Retailer Name ____

MCSI-4 • Rev. 9/87

ALBERT H. GERSTEN, JR.
9701 WILSHIRE BLVD., STE. 1000
BEVERLY HILLS, CA 90212

3622

January 29, 85

PAY TO THE ORDER OF Communications Consultants Co. $ 1709.00

One-thousand seven-hundred ... & 00/100 DOLLARS

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

FOR Inv. No. 10102

⑈3622⑈ ⑆122104360⑆ 41 21⑈

COMMUNICATIONS CONSULTANTS CO.
7707 Woodley Avenue. Van Nuys. California 91406
(818) 901-9711

QUALITY • SERVICE • INTEGRITY

INVOICE
№ 10102

SOLD TO
Gersten Contruction
9701 Wilshire Blvd. Suite 1000
Beverly Hills, CA 90212

INVOICE DATE	DATE SHIPPED
01/20/88	01/22/88
YOUR ORDER NO	OUR ORDER NO
TERMS: Due Upon Presentation	
SHIPPED VIA	F.O.B. AS CALL

SHIPPED TO
John Canning

QUANTITY	DESCRIPTION	PRICE	AMOUNT
1	Mitsubishi 700 Handheld		$1600.00
	Sales tax		104.00
	Serial number: 1790		$1704.00

2404360412

Rec'd. from J.A. Pers. Ck #3688 1/29/88

9 4 0 4 3 8 0 4 1 2 3

LOS ANGELES TROPHY
& AWARD CO.
3411 W. Venice Blvd.
LOS ANGELES, CALIFORNIA 90019
(213) 735-9000

CUSTOMER'S ORDER NO.	PHONE	DATE
Letter	(213) 272-0700	7/5/88

NAME: The Stanton Co. % Linda Turner
ADDRESS: 9701 Wilshire Blvd. Ste 1001
Beverly Hills, CA 90212

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RET'D	PAID OUT	6.5 6.9

QTY.	DESCRIPTION	PRICE	AMOUNT
5000	-1 3/4" Heavy Heart Color 2 Outline		993 60
	tax		64 58
			1058 18
	UPS & handling (3 cartons)		82 00
			1140 18

PLEASE PAY BY INVOICE

JAN

RECEIVED BY

TOTAL 1140 18

All claims and returned goods MUST be accompanied by this bill

3186 INVOICE

Thank You

TRAVEL BOUND
15821 V[illegible]RA BLVD · SUITE 520
ENCINO · CA 91436
(818) 708-9121 · (213) 873-1064
TELEX 281222

INVOICE

ACCT. NO.	DATE	PAGE	INVOICE
102	24 DEC 87	1	63627

SOLD TO

K. DEAN
Ken Dean

DISTRIBUTE TO

K. DEAN

DATE	CITY-AIRPORT	TIME	AIRLINE	FLIGHT/CL	SEAT	MEAL
24DEC THU	LV SAN FRANCISCO		UNITED	126B		
	AR CHICAGO/OHARE		ARVL 24DEC			
24DEC THU	LV CHICAGO/OHARE		UNITED	400B		
	AR BURLINGTON, V		ARVL 24DEC			

DEAN/K.

TKT # 0168537271933 $ 415.00
PREPAID TICKET

AMERICAN EXPRES #3713 844234 21006 $ 415.00-

TOTAL $ 0.00

9436041241

01 00 00 BF $ 386.11 TX $ 28.89 AC007A7720 63627

56

Albert H. Gersten Jr.

9701 WILSHIRE BOULEVARD • SUITE 1000
BEVERLY HILLS, CALIFORNIA 90212
TELEPHONE (213) 272-0815

February 26, 1988

Friends of Gary Hart
Attn: Sue Casey, Campaign Manager
1660 Giltin Street
Denver, CO 80218

Dear Sue:

Pursuant to our verbal agreement and understanding, I am now requesting reimbursement in the amount of $92.03 for the enclosed telephone bill from Cellular One.

Thank you for your immediate consideration to this matter.

Sincerely,

Albert H. Gersten

AHG:rp
Enclosure

24043604125

CELLULAR ONE

Change of Address

INVOICE

Date Feb 5, 1988

Account #

TOTAL AMOUNT DUE 092.05

ENTER AMOUNT ENCLOSED _____

PAYMENT IS DUE BY: Mar 1
PLEASE RETURN THIS PAGE WITH REMITTANCE

SEND CHECK PAYABLE TO:

CELLULAR ONE
Washington/Baltimore
P.O. Box 64651
Baltimore, MD 21264

GERSTEN CONSTRUCTION
JOHN CANNING
9701 WILSHIRE BLVD. 01000
BEVERLY HILLS, CA 90212

3 4 0 4 3 6 0 4 1 2 6

CELLULAR ONE

Page 2 Account Detail Bill Date Feb 5, 1988
Rate Plan A

Previous Balance		0.00	
Payments		0.00	
Balance Forward			0.00
Non-recurring Charges		50.00	
Monthly Charges		40.81	
Airtime Charges		0.00	
Land Charges		0.00	
Tax: Fed: 1.22 St: 0.00		1.22	
TOTAL CURRENT CHARGES			92.03
TOTAL AMOUNT DUE by Mar 1			92.03

FEB 11 1988

Gary Hart

2404360427

CELLULAR ONE

Page 3 Account Detail Bill Date Feb 5, 1988
Rate Plan A

Dear Subscriber,

NN For your convenience, we have instituted an "F.Y.I." line to introduce new information to you. The number to dial is #1394 from your cellular phone. THIS IS A FREE CALL! (NOTE: THIS NUMBER HAS PREVIOUSLY #394).

NN If you would like to make any changes in your cellular service, please give Customer Care a call and we will handle your change quickly and efficiently.

NN If you would like to send written correspondence, it should be directed to: CELLULAR ONE, 7855 Walker Drive, Greenbelt, MD 20770.

NN To speak to a Collections Specialist, dial (301)220-3611 (free from your Cellular One phone) or 1-(800)CELL-ONE.

CELLULAR ONE

Page 4 Phone Detail Bill Date Feb 5, 1988
Rate Plan A

Detail of Phone Charges

FRIENDS OF GARY HART 1988

May 10, 1988

Mr. Albert Gersten
The Gersten Companies
9701 Wilshire Boulevard
Suite 1001
Beverly Hills, California 90212

Dear Mr. Gersten: 541

Enclosed is a check in the amount of three thousand dollars ($3,000.00) in partial payment for equipment which you purchased this past winter for the use of Friends of Gary Hart 1988. While I realize that this does not represent full payment, I assure you that we continue to work at settling all of our obligations from the 1988 campaign.

Unfortunately, some of the equipment which you sent us has, during the course of the campaign, disappeared. We are making every effort to recover the missing items. Meanwhile, we will be returning some of the other pieces of equipment to you, including a FAX machine and portable telephone. I hope that we can reach some mutually agreeable payment for the use of these returned items.

I greatly appreciate your patience as we conclude the financial aspects of the campaign. I will call you in the next several days to discuss a schedule of repayment for the outstanding portion of the bill.

Yours very truly,

Gregory G. Isbel
National Campaign Manager

• Portable phone (Chicago)
— Microphone (Denver)
• FAX (New)
Kidron
0 25%

60

Paid for by Friends of Gary Hart 1988

24043604128

Albert H. Gersten.

9701 WILSHIRE BOULEVARD · SUITE 1001
BEVERLY HILLS, CALIFORNIA 90212
(213) 272-0700

March 25, 1988

Senator Gary Hart
Davis, Graham and Stubbs
370 17th Street, Suite 4700
Denver, CO 80202

Dear Gary:

I hope this letter finds you enjoying a regular life with a little less hectic schedule than last we spoke. Marilynn and I both wish you and Lee the best and maybe we will see you when you're in California or we're in Denver next. When your plans need me especially, please call if I can be of any help.

By the way, I have been receiving calls from various reporters but the most interesti[illegible] the reporter who told me you have decided to go into ac[illegible]ther than practice law. Who knows...stranger things have happened. But, seriously, your friendship and then your campaign have been very rewarding and certainly enlightening, and I for one wish you everything you wish for yourself.

As it pertains to your campaign, if I can be of any help, please let me know if you need help sorting out loose ends. Also, on February 9, 1988, I sent a bill to the campaign, attention Sue Casey, that I would appreciate your having her follow-up on.

I remain your friend.

Sincerely,

Albert H. Gersten

AHG:rp

24043604129

MEMO FROM: GREG
TO: STEVE
RE: OUTSTANDING BILL DUE AL GERSTEN
DATE: MAY 25, 1988

I have spoken with Al's office regarding settlement of the bill for equipment which he purchased and sent to New Hampshire last January. We have an agreement on the various pieces of this situation. By way of refreshing your memory:

> Al purchased and sent to NH $9,027.88 worth of equipment including sound equipment, FAX machines and telephones. He billed us in due time for the equipment.
>
> We sent Al a check for $3000.00 on May 10 in partial payment.
>
> I contacted Al by letter to see if we cound return some of the equipment and pay a rental fee for the time it was used. This was done subsequent to conversations with you to obtain your consent and Jim Downum to get an idea of what would be appropriate rent charges. The returnable equipment includes one FAX machine and one portable telephone.

Al has agreed to take back these two items and has also agreed, after consulting with his accountant, to charge us rental at a rate of 25% of purchase price. This is the amount suggested by Jim when I asked his advice.

Therefore, the current bill looks like this:

Original Charges		$9,027.88
5/10 88 Payment		-3,000.00
Total Due 5/25		$6,027.88
FAX Purchase Price:	$1385.35	
Phone Purchase Price:	$1704.00	
Subtotal	$3089.35	
75% Credit		-2317.02
TOTAL DUE GERSTEN		$3710.86

This comes to about $2300 less than the original bill. If all of this is okay with you. let's pay him and get this one behind us. Okay?

2404360413O

FRIENDS OF GARY HART - 1988, INC.
Payments by The Gersten Companies
Other Goods and Services

Description[1]	Amount	Date Paid by Gersten	Date Billed to Committee	Date Reimbursed by Committee[2]
Ballroom Deposit	$1,000.00	11-11-86	02-27-87[3]	04-21-87
Temporary Assistance	93.50	12-05-86	02-27-87	04-21-87
Postage	440.00	12-09-86	02-27-87	04-21-87
Postage	660.00	12-29-86	02-27-87	04-21-87
Printing	1,237.53	01-05-87	02-27-87	04-21-87
Printing	304.68	01-05-87	02-27-87	04-21-87
Postage	660.00	01-08-87	02-27-87	04-21-87
Temporary Assistance	298.50	01-09-87	02-27-87	04-21-87
Printing	122.48	01-14-87	02-27-87	04-21-87
Printing	17.85	01-14-87	02-27-87	04-21-87
Printing	239.02	01-15-87[4]	02-27-87	04-21-87

24043604131

1/ All disbursements on this attachment relate to a Gary Hart dinner held January 29, 1987.

2/ Payment was made in two equal payments of $11,555.72 each on April 21, 1987 and May 7, 1987. The "Date Paid by Committee" was calculated on a "First in, First Out" basis, where the earlier disbursements were assumed to be reimbursed by the earlier check.

3/ Documentation provided by a Committee representative stated the date billed to the Committee as February 27, 1988. The correct year was confirmed to be 1987 via a telephone conversation with a Committee representative.

4/ The invoice was dated January 14, 1986. The Audit staff made the assumption that 1987 was meant. The check in payment of the invoice was dated January 15, 1987, as listed.

FRIENDS OF GARY HART - 1988, INC.
Payments by The Gersten Companies
Other Goods and Services

Description1/	Amount	Date Paid by Gersten	Date Billed to Committee	Date Reimbursed by Committee2/
Temporary Assistance	$ 167.20	01-20-87	02-27-87	04-21-87
Printing	783.93	01-20-87	02-27-87	04-21-87
Temporary Assistance	399.00	01-23-87	02-27-87	04-21-87
Music for Dinner	850.00	01-26-87	02-27-87	04-21-87
"Dinner Guarantee"	12,000.00	01-27-87	02-27-87	04-21-87 05-07-87
Printing	1,926.05	01-31-87	02-27-87	05-07-87
Temporary Assistance	39.60	02-05-87	02-27-87	05-07-87
Printing	165.08	02-05-87	02-27-87	05-07-87
Temporary Assistance	244.20	02-05-87	02-27-87	05-07-87
Temporary Assistance	151.80	02-05-87	02-27-87	05-07-87
Centerpieces	1,311.02	02-05-87	02-27-87	05-07-87
Total	$23,111.44			

24043601132

RECOMMENDATION #9, SECTION A

[Gersten, $9,534.91]
{Exhibit 7}

In late January and early February, 1988, Mr. Albert H. Gersten, Jr. purchased certain equipment for FOGH's use in its New Hampshire office during the second portion of its campaign. When the campaign terminated in May, 1988, some of the equipment was returned, for which the campaign received partial credit. The remaining equipment cannot now be located. The verbal agreements between Mr. Gersten and FOGH were never formalized, but may be re-constructed from contemporaneous letters and memos provided in Exhibit 7. The details of the transactions are as follows:

Mr. Gersten purchased three of the items using his personal funds

01/29/88	Guitar Center	PA System	1,486.00	personal credit card
01/22/88	Communications Consultants	Handheld phone	1,704.00	personal check 3622
01/15/88	Kraco Enterprises, Inc.	(2) Mobile phone	1,917.00	personal check 3601

FOGH has been unable to locate complete documentation regarding the other two purchases

01/19/88	Adray's	(2) FAX machines	2,770.70
02/02/88	LA Trophy & Award Co.	Buttons	1,148.18

but it seems possible that these purchases were made with company, and possibly corporate, funds.

Mr. Gersten billed FOGH for this equipment, first on February 9, 1988. On March 10, 1988 he sent a second notice to the campaign.

FOGH made the following payments to Mr. Gersten:

04/28/88	Check 2661	3,000.00
06/17/88	Check 2719	3,710.86

One FAX machine and the handheld phone were returned for credit on or about June 15, 1988. The amount of the credit was mutually agreed to be 75% of the purchase price, or $2,317.02.

RECOMMENDATION #9, SECTION B

[Gersten, $23,111.44]
{No Exhibit}

FOGH has already provided all documentation relevant to this recommendation.

RECOMMENDATION #10, SECTION 1

[Stratton & Associates, $23,305.31]
{Exhibit 8}

FOGH has obtained additional documentation from Stratton & Associates, which is included in Exhibit 8. On the basis of this information, FOGH has prepared amendments to its Report of Receipts and Disbursements including additional descriptions of the purposes of certain payments.

24043604133

Albert H. Gersten Jr.

9701 WILSHIRE BOULEVARD · SUITE 1001
BEVERLY HILLS, CALIFORNIA 90212
(213) 272-0700

February 9, 1988

Friends of Gary Hart
Attn: Sue Casey, Campaign Manager
1660 Giltin Street
Denver, CO 80218

Dear Sue:

Pursuant to our verbal agreement and understanding, I am now requesting reimbursement in the amount of $9,442.88 for the following described equipment provided to the campaign:

Equipment:	Invoice:	Amount:
· 2 FAX machines	4P 615072	$2,770.70
· 1 PA System	10-118759	1.496.00
· 1 Handheld telephone	10102	1,704.00
· 2 Cellular phones	001260	1,917.00
· 5,000 Gary Hart buttons	3186	1,140.18
	Total:	$9,027.88

Also, we would like reimbursement for Ken Dean's travel reservations from San Francisco to Burlington, Virginia on December 24, 1987 per Invoice #63627 in the amount of $415.00 which brings the grand total to $9,442.88.

Thank you for your immediate consideration to this matter. If you have any questions or need added clarification, please do not hesitate to contact me.

Sincerely,

Albert H. Gersten

AHG:rp

24043604134

HD 188
ND Notice
EASE Remit
YMENT-A.S.A.P.,
Thank You!

Albert H. Gersten Jr.
9701 WILSHIRE BOULEVARD • SUITE 1001
BEVERLY HILLS, CALIFORNIA 90212
(213) 272-0700

February 9, 1988

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	Total:	$9,027.88

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Thank you for your immediate consideration to this matter. If you have any questions or need added clarification, please do not hesitate to contact me.

Sincerely,

Albert H. Gersten

AHG:rp

24043604135

FRIENDS OF GARY HART 1988, INC.
1660 GILPIN ST (303) 329-0188
DENVER, CO 80218

2661

23-7/1020

4-26 19 88

Pay to the order of Albert Gerstein $ 3000.00

Three Thousand Dollars & no/100 Dollars

United Bank
United Bank of Denver • National Association
(303) 861-8811 • 1700 Broadway • Denver, CO 80274

Purpose

⑈00266⑈ ⑆102000076⑆ 740 90⑈

3 4 3 6 0 4 1 3 6

Copy

MEMO FROM: GREG
TO: STEVE
RE: OUTSTANDING BILL DUE AL GERSTEN
DATE: MAY 25, 1988

I have spoken with Al's office regarding settlement of the bill for equipment which he purchased and sent to New Hampshire last January. We have an agreement on the various pieces of this situation. By way of refreshing your memory:

Al purchased and sent to NH $9,027.88 worth of equipment including sound equipment, FAX machines and telephones. He billed us in due time for the equipment.

We sent Al a check for $3000.00 on May 10 in partial payment.

I contacted Al by letter to see if we cound return some of the equipment and pay a rental fee for the time it was used. This was done subsequent to conversations with you to obtain your consent and Jim Downum to get an idea of what would be appropriate rent charges. The returnable equipment includes one FAX machine and one portable telephone.

Al has agreed to take back these two items and has also agreed, after consulting with his accountant, to charge us rental at a rate of 25% of purchase price. This is the amount suggested by Jim when I asked his advice.

Therefore, the current bill looks like this:

Original Charges		$9,027.88
5/10 88 Payment		-3,000.00
Total Due 5/25		$6,027.88
FAX Purchase Price:	$1385.35	
Phone Purchase Price:	$1704.00	
Subtotal	$3089.35	
75% Credit		-2317.02
TOTAL DUE GERSTEN		$3710.86

This comes to about $2300 less than the original bill. If all of this is okay with you. let's pay him and get this one behind us. Okay?

3 4 0 4 3 6 0 4 1 3 7

EXHIBIT F
Attachment #3
Page 6 of 16

FRIENDS OF GARY HART '88

CHECK REQUEST FORM

REQUESTED BY: M. I.

DATE OF REQUEST: 6/16/88 DATE CHECK NEEDED: 6/16/88

CHECK AMOUNT: $3716.86

FOR PURPOSE OF: Payment

VENDOR NAME: Albert Maraten

VENDOR ADDRESS: 9701 Wilshire Blvd. Suite 1001

Beverly Hills, Ct. 90212

PLEASE CHECK ONE:

__1__ PAYMENT

_____ ADVANCE

_____ REIMBURSEMENT

AUTHORIZED SIGNATURE

FOR OFFICE USE ONLY

CHECK NO. 2719

nformation

G.L Acct: _____

Purpose Code: _____

State Code: ___

FEC Line ____

IN WHICH FUNDS ARE TO BE USED

FRIENDS OF GARY HART 1988, INC.
1660 GILPIN ST (303) 329-6188
DENVER, CO 80218

2719

23-7102

6/7 19 88

Pay to the order of Alice C. Masterson $ 3710.16

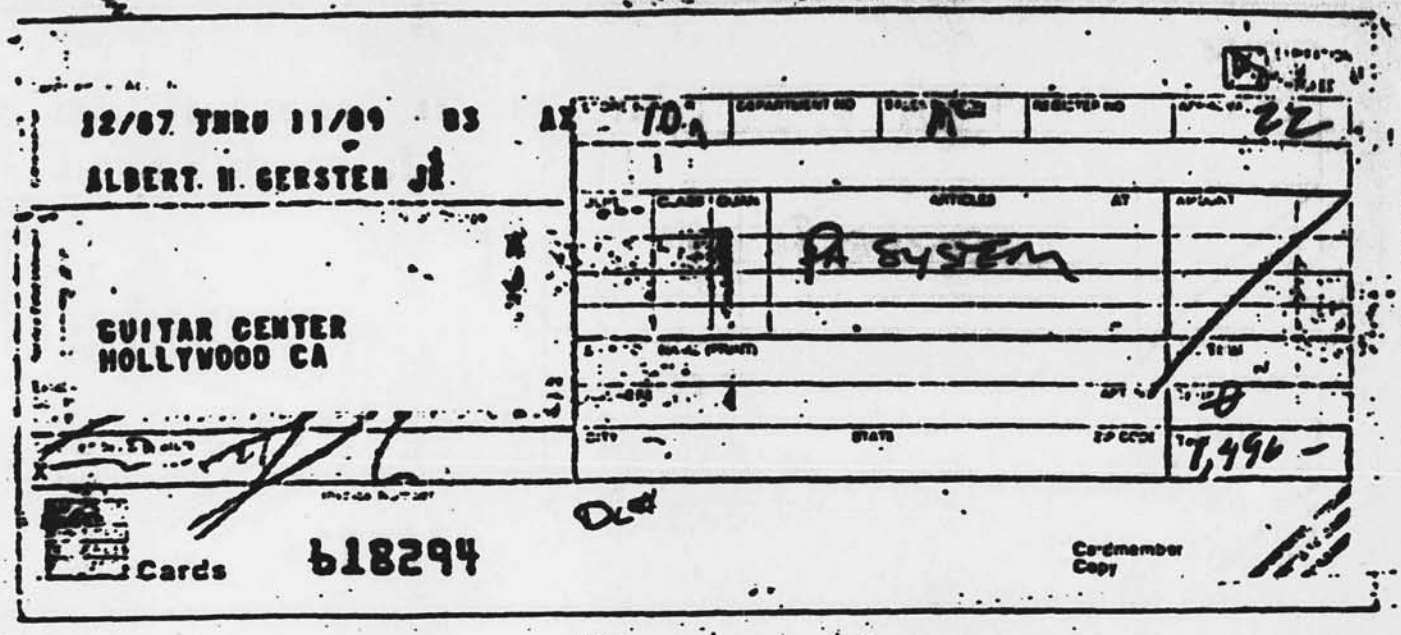
Three Thousand Seven Hundred Ten Dollars & 16/100 Dollars

United Bank
United Bank of Denver

Payment

⑈002719⑈ ⑆102000076⑆ 740 901⑈ ⑈0000371086⑈

⑆360413 9⑆



12/87 THRU 11/89 · 03 AX

ALBERT H. GERSTEN JR.

GUITAR CENTER
HOLLYWOOD CA

TO

22

PA SYSTEM

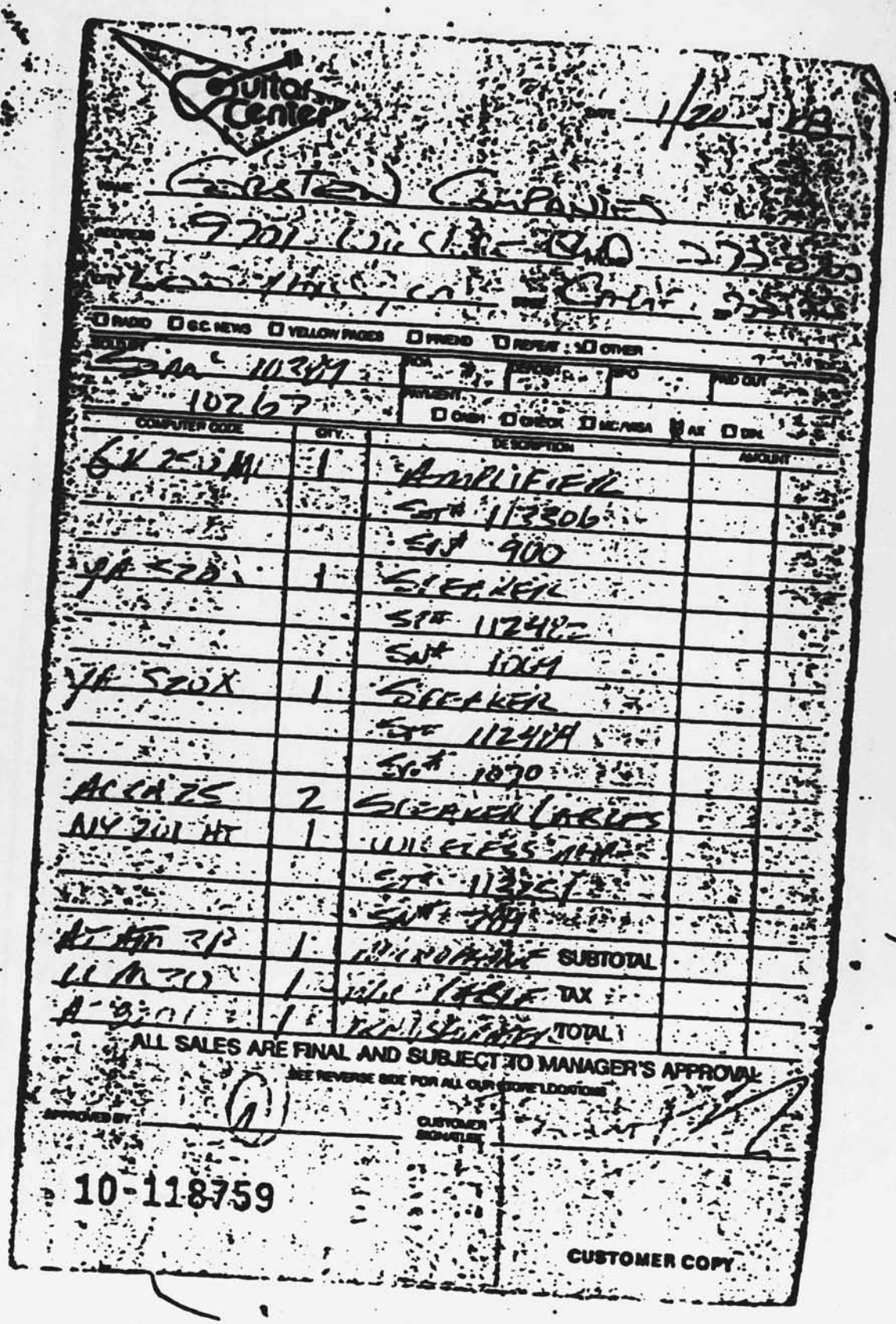
D

T,496 -

Cards 618294

Cardmember Copy

240436041 40



Guitar Center

DATE 1/22/18

NAME Kristen Campbell

ADDRESS 7701 Owensmouth Ave #220

Canoga Park, CA STATE Calif. ZIP 91303

RADIO GC NEWS YELLOW PAGES FRIEND REPEAT OTHER

SALESPERSON SM 10309 DOA PROMISED DATE PO NO. PAID OUT

10267

PAYMENT CASH CHECK MC/VISA AX DSC

COMPUTER CODE	QTY.	DESCRIPTION	AMOUNT	
6XZ50M	1	AMPLIFIER		
		SER# 113306		
		SIS 900		
YA 12A	1	SPEAKER		
		SER# 11248		
		SN# 1004		
YA 520X	1	SPEAKER		
		SER# 11248		
		SN# 1070		
AC6R25	2	SPEAKER CABLES		
NX 700 HT	1	WIRELESS MIC		
		SER# 113267		
		SN# 7789		
MG 32 R	1	MIXER	SUBTOTAL	
LL M70	1	MIC CABLE	TAX	
A-B101	1	RACK SPACER	TOTAL	

ALL SALES ARE FINAL AND SUBJECT TO MANAGER'S APPROVAL

SEE REVERSE SIDE FOR ALL OUR STORE LOCATIONS

APPROVED BY

CUSTOMER SIGNATURE

10-118759

CUSTOMER COPY

240436041411

EXHIBIT F
Attachment #3
Page 10 of 16

Guitar Center

DATE 1/20/88

NAME GERSTEN COMPANIES PHONE 271-0700

ADDRESS 9301 WILSHIRE BLVD

CITY BEVERLY HILLS STATE CA ZIP 90212

☐ RADIO ☐ G.C. ITEMS ☐ YELLOW PAGES ☐ FRIEND ☐ REPEAT ☐ OTHER

SOLD BY	FOB	DEPOSIT	P.O.	RUSH DLVY
MC 10267				

PAYMENT ☐ CASH ☐ CHECK ☐ MC/VISA ☐ AX ☐ DISC

BLAD 10389

COMPUTER CODE	QTY.	DESCRIPTION	AMOUNT
GK RACK	1	G.K. STAND	
RENT 1185	2	MIC STAND	
		UPS NEXT DAY AIR	
		SUBTOTAL	
NO TAX SHIPPED OUT OF STATE			0
		TOTAL	1496 —

ALL SALES ARE FINAL AND SUBJECT TO MANAGER'S APPROVAL
SEE REVERSE SIDE FOR ALL OUR STORE LOCATIONS

APPROVED BY [signature] CUSTOMER SIGNATURE [signature]

10-118760

CUSTOMER COPY

2 4 0 4 3 6 0 4 1 4 2

ALBERT H. GERSTEN, JR.
9701 WILSHIRE BLVD., STE. 1000
BEVERLY HILLS, CA 90212

3622

PAY TO THE ORDER OF Communications Consultants Co. January 29, 88 $ 1,704.00

One-thousand, seven-hundred and four —00— DOLLARS

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

FOR Inv. No. 10107

⑈240436041⑈43

QUALITY • SERVICE • INTEGRITY

INVOICE

№ 10102

COMMUNICATIONS CONSULTANTS CO.
7707 Woodley Avenue. Van Nuys. California 91406
(818) 901-9711

SOLD TO
Gersten Contruction
9701 Wilshire Blvd. Suite 1000
Beverly Hills, CA 90212

INVOICE DATE	DATE SHIPPED
01/20/88	01/22/88
YOUR ORDER NO	OUR ORDER NO

TERMS: Due Upon Presentation

SHIPPED VIA:

SHIPPED TO: John Canning

SALESMAN:

QUANTITY	DESCRIPTION	PRICE	AMOUNT
1	Mitsubishi 700 Handheld		$1600.00
	Sales tax		104.00
	Serial number: 1790		$1704.00

2402436041

Rec'd. from G.A. Pers. 22 Nov
Ck #3688
11/29/88

ALBERT H. GERSTEN, JR.
9701 WILSHIRE BLVD., STE. 1000
BEVERLY HILLS, CA 90212

3601

January 20, 19 88

PAY TO THE ORDER OF Kasco Enterprises, Inc. $ 1977.00

One-thousand, nine-hundred and Seventeen 00/100 DOLLARS

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

FOR Inv. # 001260

⑈003601⑈ ⑆122000958⑆ 240436041 4/5

KRACO ENTERPRISES, INC.
505 E. EUCLID AVENUE
COMPTON, CA 90224

EXHIBIT F
Attachment
Page 14 of
1

ORIGINAL INVOICE

ACCOUNT NO.	INVOICE NO	INVOICE DATE
	001260	1/15/88

SHIP TO
MR. ALBERT GERSTEN
THE GERSTEN COMPANIES
9701 WILSHIRE BLVD.
SUITE 1001
BEVERLY HILLS, CA 90212

SOLD TO

SAME

Returned goods will not be accepted for credit without our written permission and transportation charges prepaid

A charge of 10% will be made to cover handling

Salesmen cannot authorize the return of any merchandise, nor are they permitted to make allowances

CUSTOMER ORD NO	SALESMAN	REP. NO.	TERMS	F.O.A.	COLL.	P.P
	S. Kraines					

STOCK NO	DESCRIPTION	ORDERED	BACK ORD	SHIPPED	UNIT PRICE	DISCOUNT %	AMOUNT
KCP-205	TRANS-MOBILE CELLULAR PHONE	2		2	$900.00		$1,800.00
	SALES TAX				117.00		117.00

2404360411446

PLEASE PAY THIS AMOUNT → $1,917.00

DRAY'S

[redacted] WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90036
(213) 935-0242

6909 VAN NUYS BOULEVARD
VAN NUYS, CALIFORNIA 91405
(818) 908-1500

[redacted] SEPULVEDA BLVD
LOS ANGELES, CALIFORNIA 90064
(213) 479-0797

4P 615072

SOLD TO: HK
DELIVERY ADDRESS
PHONE

COMP 6

ORDER DATE: 1-19-88
DATE NEEDED
SOLD BY: 32
NEAREST MAJOR CROSS STREETS &
UPSTAIRS DELIVERY: YES ☒ NO ☐
INSTALLATION NEEDED: YES ☐ NO ☐

QTY	DESCRIPTION	MODEL NO.	CODE NO.	SERIAL NO.	PRICE	AMOUNT
2	PAC-TEL MAXELL	FAXTEL 3000 MDS-D 5¼		511865 514299	1289.90 10.90	2579.80 21.80

CHECKED OUT BY ADRAY'S

003003 20 7537 01-19-88 32
20 CASH-CKS TOTAL 1 2770.70

-- REMEMBER --

- KEEP YOUR BOX, ALL PACKING MATERIALS, SCREWS, AND INSTRUCTIONS.
- DO NOT FILL OUT MANUFACTURER'S WARRANTY CARD UNTIL YOU ARE SURE THE UNIT IS WORKING CORRECTLY.

THIS INSURES THAT NO SERVICE CHARGE WILL BE ASSESSED FOR MISSING ITEMS IN THE EVENT THE UNIT IS RETURNED UNDER ADRAY'S

BUYER PROTECTION PLAN . . . ASK YOUR SALES COUNSELOR FOR THE DETAILS.

SEE REVERSE SIDE FOR ADDITIONAL CONDITIONS OF SALE

MERCHANDISE TOTAL	2601.60
DELIVERY	
TOTAL SALE	
SALES TAX	169.10
TOTAL AMOUNT	
DEPOSIT	
AMOUNT DUE	2770.70

OCS IN FACTORY SEALED BOXES ARE ACCEPTABLE FOR IN-STORE CREDIT ONLY WITHIN 10 DAYS OF ITS PURCHASE WITH SALES RECEIPT ACCOMPANIED. DEFECTIVE GOODS ARE HANDLED ACCORDING TO MFG RETURN POLICY ONLY WITHIN 5 DAYS FROM DATE OF PURCHASE WITH SALES RECEIPT ACCOMPANIED.

MON-FRI 10:00AM TO 7:00 PM
SATURDAY 10:00AM TO 6:00 PM
SUNDAY 11:00 AM TO 5:00 PM

MERCHANDISE RECEIVED IN GOOD CONDITION

DELIVERED BY

CUSTOMER

0 4 2 4 3 6 0

ADRY-MART

CHECKED OUT BY ADRAY'S

003003 20 7537 01-19-88 32

CAMERA
6 511865 MDS 1 2579.80 T
2 @ 10.90 CAMERA
6 514299 MDS 21.80 T
SUBTOTAL 2601.60
06 TAX 169.10
20 CASH-CKS TOTAL 1 2770.70
2 AMOUNT TENDERED 2770.70
CHANGE .00

THANK YOU

LOS ANGELES TROPHY & AWARD CO.
3411 W. Venice Blvd.
LOS ANGELES, CALIFORNIA 90019
(213) 735-9060

CUSTOMER'S ORDER NO. Letter | PHONE (213) 272-0700 | DATE 2/5/88

NAME The Keaton Co. c/o Linda Turner

ADDRESS 9701 Wilshire Blvd. Ste 1001
Beverly Hills, CA 90212

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RET'D.	PAID OUT	618 619

QTY.	DESCRIPTION	PRICE	AMOUNT
5000	-1 3/4" Grey Heart Color Buttons		993 60
	tax		64 58
			1058 18
	UPS & handling (3 cartons)		82 00
			1140 18

PLEASE PAY BY INVOICE

PAID

RECEIVED BY 24043

TOTAL 1140 18

In-Kind Contributions Related to July 1986 Meeting of The Volunteer Committee

1. Basis For Allocation

Section 104.13(a)(1) of Title 11, Code of Federal Regulations states, in relevant part, that the amount of an in-kind contribution shall be equal to the usual and normal value on the date received.

According to our review of documentation made available and discussions with Committee personnel, a meeting was held during July, 1986 in Denver, Colorado. The meeting was sponsored by The Volunteer Committee*/, ("TVC") the purpose of which was to inform interested parties regarding the assistance to be made available to federal candidates in the 1986 elections.

The Committee, in its initial report covering the period "inception to 6/30/87," itemized 6 in-kind contributions of food/beverages totaling $2,600, and apparently included one in-kind contribution equal to $200 in its unitemized total for contributions received from individuals. These in-kind contributions, according to a Committee official, represent 25% of the value of goods donated relative to the above mentioned July 1986 meeting. According to the same Committee official, the then Treasurer of the Committee, who was also the Treasurer of TVC at this time, decided that a 25%-75% allocation was appropriate since during the weekend meeting a number of questions arose regarding Senator Hart's bid for the presidency.**/ No documentation was provided in support of this

24043604149

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*/ The Volunteer Committee filed a Statement of Organization on February 10, 1986. According to the Article of Incorporation which accompanied this filing, The Volunteer Committee was "established to promote, facilitate and coordinate the volunteer involvement of individuals in the political campaigns of Democratic Party candidates for federal office, and to solicit and accept voluntary financial contributions from individuals, and make expenditures of such funds, to Democratic Party candidates for Federal elective office or their campaign committees, to the extent permitted by law."

**/ According to the Committee's initial report covering the period inception to 6/30/87, the earliest reported disbursements, other than the aforementioned in-kind transactions, occurred in November and December, 1986. Payments were made to vendors in Colorado, California and the Washington, D.C. area with the reported purposes disclosed as telephone, maintenance/repair, furniture/equipment, postage/delivery, bank services and mailing services.

allocation; however, a document entitled "FGH [referring to Friends of Gary Hart '88] Legal Matters contains a statement - "Legal counsel has determined this event to be a political event, 25% of the costs being allocable to FGH as a testing - the - waters activity and 75% being a cost of The Volunteer Committee." See Attachment 1.

In the interim audit report, the Audit staff recommended that within 30 calendar days of the date of service of this report the Committee (1) provide documentation in support of the 25% - 75% allocation, including any agenda or minutes of the meeting(s) in question. The Audit staff also noted that further recommendations may be forthcoming

2. Apparent Prohibited Contributions

Section 441b(a) of Title 2, United States Code states, in relevant part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to any political office.

Under 2 U.S.C. § 441a(a)(1) a person is prohibited from making contributions to a candidate and his authorized political committee with respect to any election for Federal Office which in the aggregate, exceed $1,000.

Our review of the limited amount of information provided with respect to the July 1986 meeting revealed that (a) some of the expenses of the meeting were funded outside the TVC or Committee structures, through payments made to Stratton & Associates */ ("SA") and through unreimbursed expenses of SA, and (b) some of the payments were made through corporations, or other business entities ($5,100 as listed as received from 3 entities).**/

With respect to the activities concerning SA, it appears that Michael Stratton of SA handled at least a portion of the contributions and expenditures relative to the July meeting. Photocopies of checks provided, include a SA check, dated 3/3/87 made payable to Albert Gersten, Jr. in the amount of $2,500.00 and a corresponding check from Albert H. Gersten, Jr., dated 3/26/87, payable to Stratton & Associates in the amount of

---

*/ Information provided indicated that Michael Stratton of Stratton & Associates was credited with a $575 in-kind contribution to the Committee (25% of $2,300) apparently representing the value of food/beverages provided.

**/ Tally Ho [Motor] Inn (inc. 9/26/84) $1,600; The Gersten Companies (inc. 5/13/77) $2,500; The Monarch Group, Inc. (inc. 1/27/86) $1,000.

24043604150

$2,500. Photocopies of a memorandum apparently prepared by a Committee employee include instructions to the effect that "1.) We need Corp Check amts [amounts] returned from Stratton & Associates..." "2.) We need personal checks sent to Stratton and Associates..." These references appear to relate to the $5,100 in corporate checks associated with the July 1986 meeting (See Attachment 1). The Committee reported the refund of its allocated portions (total $1,275) of the corporate checks on 5/7/87.

During fieldwork, the Audit staff requested documentation from the Committee concerning the contributions and expenditures handled by SA. Committee officials stated they would attempt to obtain the requested information.

In the interim audit report, the Audit staff recommended that within 30 calendar days of service of the report the Committee (1) provide documentation in the form of copies of contributor's checks and other contribution information available, and receipted bills, invoices, copies of checks used to effect payment of associated expenses pertaining to the activity handled by SA, and (2) an explanation of the Michael Stratton's/SA's role relative to the July 1986 meeting.

The Audit staff also noted that further recommendations may be forthcoming.

The Committee's response was received on March 28, 1989. The Audit staff reviewed the information presented; each area is addressed separately below.

1. Basis for Allocation

The Committee's response includes background information concerning the conference held in July, 1986 and sponsored by The Volunteer Committee ("TVC"). In support of the 25%-75% allocation, the Committee provided a photocopy of a document describing the event and the considerations leading to the 75%-25% allocation, along with a photocopy of the agenda for the meeting*/ (see Attachment 2).

This document discusses in some detail the purpose of the July, 1986 meeting. "The July 11-13 meeting was organized to promote the programs of The Volunteer Committee, to inform state party workers and individuals involved with candidates for the 1986 federal offices about the resources of the Committee [in this context, the use of the term "the Committee" refers to

---

*/ According to the response, Mr. Michael Moore, former Treasurer of the Committee and TVC, provided these documents to the Committee.

24043604151

the Volunteer Committee, not Friends of Gary Hart - '88, Inc.] and how TVC and Gary Hart might assist Democratic Party candidates. The Committee's assistance was focused on in-kind, rather than money contributions..."

The concluding language in the document relates specifically to the allocation. "There is little science underlying the judgment that a meeting, agenda item or conversation is wholly or in-part of a testing-the-waters nature. Our judgments were based on a belief that specific testing-the-waters conversations started about this time, albeit incidental to a meeting organized by a different organization, pursuing a different set of purposes. The 25% allocation is also subjective, but we believe it allocates generously the extent of testing-the-waters activities."

In the opinion of the Audit staff, the explanation submitted by the Committee is not responsive, in that it does not support in any objective manner the 25%-75% allocation.

2. Apparent Prohibited Contributions

The Committee, in its response, explained that Stratton and Associates ("SA") assisted TVC in organizing the July, 1986 event. The response notes that several of the attendees made contributions to TVC by making checks payable to SA to cover the cost of the event (see Attachment #3). The response also contains a list of income*/ and expenses related to the event, including photocopies of documentation provided to the Committee by Mr. Michael Stratton.

Generally, the expenses were incurred and paid during the month of July, 1986 with identified contributions dated either June or July, 1986.

Recommendation #7

The Audit staff recommends that this matter be referred to the Office of General Counsel. Information provided may be useful in connection with MUR 2583.

---

*/ The receipt of a pro rata portion of these corporate contributions detailed in the response is addressed at Exhibit C.

2043604152

C-14/36

EXHIBIT G
Attachment #1
Page 1 of 23 a

FRIENDS OF GARY HART 1988

CONTRIBUTOR: IN-KIND CONTRIBUTION

Name Erv Torrell
Address 74 Beckwood Ct.
City San Francisco State CA Zip 94127
OPTIONAL: Phone (Business) 415-564-6372 (Home)
Occupation
Employer/Business:
Name Tally Ho Inn
Address
City State Zip
Contribution amount $ 400.- Date of contribution 7-86

7/12/86

DESCRIPTION (Attach documentation where available):

catering

VALUE:

Amount: $ Basis for assigning value:

241536

240436

00

b

FRIENDS OF GARY HART 1988

IN-KIND CONTRIBUTION

CONTRIBUTOR:

Name Albert H. Geersten, Jr.
Address 611 No. Canon Dr.
City Beverly Hills State CA Zip 90210
OPTIONAL: Phone (Business) 213-272-0700 (Home)
Occupation
Employer/Business:
Name The Geersten Companies
Address 9701 Wilshire Blvd. #1000
City Beverly Hills State CA Zip 90212
Contribution amount $ 625.- Date of contribution 7-86

7/12/86

DESCRIPTION (Attach documentation where available):

catering

VALUE:

Amount: $ Basis for assigning value:

$14

-86
51
150
25.00
23

G

FRIENDS OF GARY HART 1988

IN-KIND CONTRIBUTION

CONTRIBUTOR:

Name David Stein
Address 29982 Dry Glen Dr. # 100
City La Guna Niguel State CA Zip 92677
OPTIONAL: Phone (Business) (Home)
Occupation
Employer/Business:
Name The Monarch Group, Inc
Address
City State Zip
Contribution amount $ 250.- Date of contribution 7-86

7/12/86

DESCRIPTION (Attach documentation where available):

Catering

VALUE:

Amount: $ Basis for assigning value:

415

7-86
51
5150
250.00
23

d

FRIENDS OF GARY HART 1988

IN-KIND CONTRIBUTION

CONTRIBUTOR:

Name Wm. Broadhurst

Address

City State Zip

OPTIONAL: Phone (Business) 504-343-0700 (Home)

Occupation

Employer/Business:

Name Broadhurst, Broek, Markham + Mady

Address P.O. Box 3551

City Baton Rouge State LA Zip 70821

Contribution amount $250.- Date of contribution 7-86

7/12/86

DESCRIPTION (Attach documentation where available):

Catering

VALUE:

Amount: $ Basis for assigning value:

2404360041156

4/16

7-86
51
5150
250.00
23
2.5

Q

FRIENDS OF GARY HART 1988

IN-KIND CONTRIBUTION

CONTRIBUTOR:

Name Michael Stratton
Address 2612 Ash

City _____ State _____ Zip 80205
OPTIONAL: Phone (Business) 321-3526 (Home)
Occupation Consultant
Employer/Business:
Name Stratton & Associates
Address 1732 E. 17th

City _____ State _____ Zip 80218
Contribution amount $575 Date of contribution 7-86

24043601157

DESCRIPTION (Attach documentation where available):

7/12/86

Catering

VALUE:

Amount: $_____ Basis for assigning value:

11 17

7-86
51
5150
575.00
23
K

10

K

FRIENDS OF GARY HART 1988

IN-KIND CONTRIBUTION

CONTRIBUTOR:

Name Don Carlson
Address 250 Lafayette Cr - Suite 301
City Lafayette State CA Zip 94549
OPTIONAL: Phone (Business) 415-283-7920 (Home)
Occupation Atty
Employer/Business:
Name
Address
City State Zip
Contribution amount $500.- Date of contribution 7/12/86

DESCRIPTION (Attach documentation where available):

catering -

VALUE:

Amount: $ Basis for assigning value:

#18

7-86
51
5150
500.00 -
23

24043601158

9

FRIENDS OF GARY HART 1988

IN-KIND CONTRIBUTION

CONTRIBUTOR:

Name Street Keel
Address 17942 Cowan

City Irvine State CA Zip 92714
OPTIONAL: Phone (Business) 213-645-7053 (Home)
Occupation
Employer/Business:
Name
Address

City State Zip
Contribution amount $ 200.- Date of contribution 7-86

7/12/86

DESCRIPTION (Attach documentation where available):

catering-

VALUE:

Amount: $ Basis for assigning value:

24043641 59

#19

7-86
51
0150
200.00
23

July '86 week-end retreat (75% reported true)

25% to FRIENDS

		25%	total
• Ben Tonnell	✓	$400 ☑	(1,600) ☑
• Gersten,	✓	625 ☑	(2,500)
• Stein, Dottie	✓	250 ☑	(1000 ☑)
• Broadhurst, Bill	✓	250 ☑	(1000 ☑)
• Stratton, Mike	✓	575 ☑	(2,300 ☑)
• Carlson,	✓	500 ☑	(2000 ☑)
Stuart Karl,	✓	200 ☑	(800 ☑)

7 4 0 3 6 0 4 1 6 0

6 steps of totaling
report incepted to 6/30/87

Overall	400.00	+43
Gersten	625.00	+18
Stein	250.00	+39
Broadhurst	250.00	+6
Stratton	575.00	+40
Carlson	500.00	+9
	250.00	✓
Karl	200.00	+ UW?
	250.00	✓

all individuals who have given $1,000.00 or $2825.00 To FRIENDS

1/4 to FRIENDS

July week-end

Corp. checks to Stratton & Assoc.

Tally Ho Inn (E. Torrell) $1,600.00 total check?

The Geisten Companies $2,500.00

The Monarch Group, Inc $1,000.00

Mike D. needs addresses

24043604161

Torrell night - 5/7/87 $400.00 p/3 of 4 Mid of 87 report

Geisten night - 5/7/87 $625.00 p. 3 of 4 " "

Stein night 5/7/87 $250.00 p. 3 of 4 " "

DATE: 7/12/89
FROM: Patt.

d

C: Mike Rowell
RE: July week-end Dinner

Ed. Torell $ 1,600.00
Check was from his Corporation
Ed Torell 415-564-6372
74 Rockwood Ct
San Francisco CA 94127

The Gaston Companies $ 2,500.00
Albert Gaston
611 N Canon Dr.
Beverly Hills CA 90210

The Monarch Group, Inc $1,000.00
David Stein 714-857-6995
29982 Ivy Glen Dr #100
Laguna Niguel CA 92677

The following will enable us to Comply with FEC regs on IN-KIND contributions.

1.) We need Copy check amts returned from Stratton + Associates
I'll need copies of returned checks for FEC files

2.) We need personal checks sent to Stratton and Associates
I'll also need copies of personal checks for FEC files

IN-KIND

2440436041

STRATTON & ASSOCIATES
1732 EAST 17TH AVENUE
DENVER, COLORADO 80218

3255

23-567/1020

3/31 19 87

Pay to the order of Albert Gerstein, Jr. $ 2500.0

Two Thousand Five Hundred Doll

TRI-STATE BANK
DENVER, COLORADO

For July '87 retreat rebate

Michael J. Stratton

⑆104303⑆ 24043

Marked 5
Lacy Gage
3/__/__

1015

ALBERT H. GERSTEN, JR.
9701 WILSHIRE BLVD., NO. 1000
BEVERLY HILLS, CA 90212

3/26/32

PAY TO THE ORDER OF Stratton & Co. $2,500

Twenty-five hundred DOLLARS

HEAD OFFICE
CITY NATIONAL BANK
400 North Roxbury Drive
Beverly Hills, California 90210

MEMO

⑆240436041164

FGH Legal Matters

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- March 2....2:00pm: Bill Dixon 1
- March 3....10:00am: David Miller 1

Current FEC Compliance Issues 1
- Sources of Income for FGH Staff 1
- Denver Lodging Expenses 1
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Pending FEC Compliance Questions 2
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- Corporate Facilities 2
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- Shut it down by March 31, 1987 8
- Requires payment of debts 8
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- Do we have possible refunds pending: 8

Hart For Senate Campaign Committee 8
- Shut it down by March 31, 1987 8
- Requires repayment of loans made to FGH 8

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FGH Legal Matters

Other Legal Questions 9
David Miller re: Minimum wage laws 9

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FGH Legal Matters

Schedule

March 2....2:00pm: Bill Dixon
March 3....10:00am: David Miller

Current FEC Compliance Issues

Sources of Income for FGH Staff

People in the Biden campaign have been talking about "unusual" pay arrangements being made for people involved with FGH. One was quoted as saying that he heard Bill Dixon was getting paid over $100,000 with none of it coming from FGH.

In fact, several top FGH staffers are not getting paid by the campaign: Bill Dixon, John Emerson, Eli Segal, Hal Haddon, David Miller and Mike Moore. I believe that each of their situations should be reviewed by counsel so that FGH has satisfied itself that none of these people are being paid by others to provide campaign services to FGH.

We also should consider whether to obtain statements from people, beyond the top management of FGH, which confirm that they are not recieiving compensation from other sources for their services to FGH.

Denver Lodging Expenses

During late 1986 and in January 1987, FGH staff relocating to Denver, other staffers and volunteers were housed at Executive Tower Inn without charge. Chet Patterson, CEO of ETI, told me about this situation. I instructed him to bill the campaign for these rooms at the most feverable rate he could justify for the nature of the organization and the volume of business we were providing. I don't know the status of the billing or payment.

July 1986 TVC-FGH Event

Legal counsel has determined this event to be a political event, 25% of the costs being allocable to FGH as a testing-the-waters activity, and 75% being a cost of The Volunteer Committee. Some of the expenses of this event were funded outside the TVC or FGH Committee structures, through payments made to Stretton & Associates and through unreimbursed expenses of Stretton & Associates.

Some of the payments were made through corporations, or other

FGH Legal Matters

business entities; some were made by individuals who have maxed-out against the $1,000 contribution limit established by TVC policy. (None of the individual contributions would exceed the $5,000 legal limit for a multi-candidate committee.)

Corporate or possible corporate contributors:

Telly Ho Inn (E. Torell): $1,600

The Gersten Companies: $2,500

(Albert, Marilyn, Bernice have given TVC $1,000 each)

The Monarch Group, Inc.: $1,000

(David Stein has given TVC $283.50 in-kind)

Contributions from "maxed-out" donors:

Broadhurst, Brook, Mangham & Hardy: $1,000

(Billy Broadhurst has given TVC $1,000)

Don W. & Barbara B. Carlson: $2,000

(Each has previously given TVC $1,000)

Stuart Karl: $800

(Stuart has previously given TVC $1,000)

In-kind contribution:

Stratton & Associates: $2,300

(Excess of expenses over the $8,900 received)

Pending FEC Compliance Questions

Office Space Rental

FGH rents office space as a sub-tenant of the Colorado Democratic Party. Under what circumstances can FGH provide services to CDP in satisfaction of its lease obligation. Suggestions have included: big hitter fundraising and telephone bank work, with the results going to the Party.

Corporate Facilities

Offers have been received for the use of corporate, partnership, and individual-owned business facilities, including office space, word processing equipment and telephones. The rules concerning prohibited contribution sources and recognition of in-kind contributions are reasonably clear. Questions concerning valuation of such contributions are less clear. Is the value conditioned in any way by the fact that the business contributor does not normally offer the facilities for commercial use and, thus, does not have an established commercial

rate?

Services to Davis, Graham + Stubbs

Can FGH provide services to Davis, Graham + Stubbs for a fee? The motivation is to offset charges from DG+S for expenses incurred by Gary Hart which are related to political activites. The services might relate to scheduling and supporting Gary when he is making public appearances on behalf of the law firm, or may be in the form of technical or professional advice, unrelated to Gary's activites. (We can be sure that DG+S will not accept charges from FGH which are not fully justified by the value of the service.)

Concerts

FGH expects to get commitments from artists and entertainers for concerts by this summer. Does Don Simon's May 18, 1983 opinion cover all the questions? Are there any special cautions concerning the "donation" of a previously contracted commercial concert, as contrasted with a special production arranged from the outset as an FGH event?

Senate Office Supplies

Are there any restrictions or FEC reporting obligations concerning FGH use of excess senate office supplies (GWH personalized envelopes, letterhead, scratch-pads, etc)?

Travels With Gary

Under what circumstances can volunteers travel to Gary Hart events without the expense of the travel being accounted as an expenditure on behalf of his candidacy, and therefore a contribution to the campaign? Can people fly into Denver for the announcement of his candidacy simply because they are interested in being there, and not account for the cost of the travel as a contribution? Can volunteers travel on the charter aircraft, be charged and pay FGH for their transportation, and have their payments accounted for as Offsets to Expenditures rather than as contributions to the campaign?

Gary's Travels for Others

Gary Hart is often invited to speak before groups on issues of concern to them. His drawing power adds to the image and attendance at such events. He is usually paid an honorarium for such appearances and his travel, lodging and subsistence expenses are paid for by the sponsoring group. If he combines such trips with political events, either in the

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same city, or on connecting or extending legs of the trips, are there limitations on the expense reimbursements which may be paid by the sponsoring organizations? For example, if Dartmouth invites Gary to Hanover to speak at their commencement, AND he makes a political appearance in Manchester, can Dartmouth, pay for his travel and subsistence expenses between Denver and Hanover?

Position of own — Part of orig. Guide — Exam of trans

Le Petite Maison

Mike Mervis (and family members) treated a busload of FGH people to a dinner at Le Petite Maison, a "fine country french resteurant" in Colorado Springs on February 15, 1987. The restaurant owners went to treat the evening as a "Welcome Wagon" event, one designed to develop awareness and repeat business with the Hart staff and supporters in Colorado. Is this positioning defensible, or are we obligated to account for the dinner (and related bus transportation) as an in-kind contribution or an expenditure that must be reimbursed by FGH?

Checks Payable to AWH

We have received a number of checks made payable to AWH rather than to FGH. Some, clearly intended for the debt committee, were inadvertently deposited in the FGH bank account. I have instructed Patti to classify these deposits to Line 21 (Other Receipts) of the FEC report for FGH and to write an FGH check to AWH for the total amount of these contributions, classifying the disbursement to Line 29 (Other Disbursements), both with appropriate footnotes. The individual contributors will reported as "normal" contributions on Line 17(a) of the FEC report for AWH, indicating receipt as of the dates deposited in the FGH account.

Some other checks made payable to AWH were (or we believe were) intended for FGH. These checks also were deposited in the FGH account. We checked with the FEC audit division on the matchability of these deposits and found that we probably have a bigger issue than just FGH matching. I believe that we will have to get supplemental documentation on all such checks to confirm the intent of the contributor, preferably before depositing the check in one or the other account. Do you agree?

Legal Services Delivery System

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FGH Legal Matters

A High-Profile Campaign

As Mondale was the high-profile target in 1983, so can we expect that the press and other candidates will target on Hart in 1987. We also are seen by many as the campaign which claims freedom from the special interests (no PAC money) and integrity in adhering to the spirit, not just the letter, of FEC law and regulations (no delegate committees or other multiple committee structures, no cutting of corners on contribution or spending limits, going beyond the minimums in our FEC disclosures, etc.). Our blowing the whistle on Mondale's delegate committees in 1984 probably makes us a most favored target for review by some people.

You can be sure that our FEC reports and our operations will be watched very closely; that other campaigns will be helpful to the press in suggesting areas for investigative reporting; that we will draw the FEC's first team when it comes time for our audit. The tone of the campaign is set by the candidate and by campaign leadership....at the top and in each major division of the campaign. Setting the tone involves rhetoric to be sure, but more importantly it requires substantive structure: (1) a high-quality, accessible and responsive legal and accounting operation, (2) written guidelines which help fundraisers and the field operations to raise matchable money and spend it efficiently, and (3) unwavering support from the campaign leaders when an important FEC issue is on the line.

Quinn/Simon Proposal

It is time to review the bidding on the proposed legal operation for FGH as set forth in a July 15, 1986 memorandum from Jack Quinn and Don Simon. Given the size of our fundraising and spending appetites for 1987, it is obvious to even the most casual observer that we do not have an adequate legal support structure for the effort.

It is essential that we establish written criteria for how our legal advice is plugged into the planning and authorizing scheme for significant campaign transactions. The goal is to NOT HAVE problems rather than to spend our time unwinding them. Some possible criteria include participation or pre-approval of activities such as:

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FGH Legal Matters

- o Contracts involving terms longer than six months.
- o Contracts involving commitments greater than $_____
- o Direct Mail, Media Production/Buy, and Polling contracts.
- o Telemarketing and other telephone service contracts.
- o Concert and other fundraisers involving contract services.
- o Space and equipment leases.
- o Corporate credit, beyond usual 30-day terms.
- o Use of corporate facilities, telephones, computers, etc.
- o Use of corporate, partnership or private aircraft.
- o Loans and equipment financing agreements.
- o Proposals involving campaign "earned income."
- o Joint fundraisers with other committees.
- o Sales of art and other items of substantial value.
- o Raffles, drawings and other games of chance.
- o Other "innovative" fundraising proposals.
- o Licences and permits.
- o Property, casualty, liability and employment insurance.
- o Sales, property, franchise and income tax matters.
- o Delegate selection and convention rules.
- o Authorization of additional committees.
- o Contract disputes, creditor claims, legal actions.
- o FEC inquiries, complaints and legal actions.

Conducts Campaign Finance matters from Dixon - Simon

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Need for Denver-based expertise

MRM has been practicing law for FGH for several months now. His advice has, not infrequently, been improved upon or corrected by telephone and correspondence with Don Simon. David Miller is a major customer for this advice as he is wired in to the day-to-day meetings of the committee. David has a good sensitivity to transactions which may have FEC compliance issue implications or which should have a legal review simply as a matter of good business.

In my opinion, this arrangement is not adequate for the level of FEC compliance and prudent contracting we should have on-site at FGH's headquarters. Ideally we would have at least one lawyer on board full

time to answer most questions and to be a traffic cop for connecting with the more specialized legal expertise that we need for some transactions. The need for local lawyering may well grow beyond one person by late 1987.

In addition to Denver-based legal assistance, we should establish a routine pattern of visiting by Don Simon and/or Jack Quinn. My feeling is that one or both of them should be in Denver no less than two days every other week.

Q+A Style Guidelines

In-kind contributions

Travel and event host exemptions

Use of private aircraft

Independent expenditures

State and local newsletters

Grassroots booster activities

Committee contributions

We need to develop guidelines on contributions from political committees and unincorporated associations. The criteria are a combination of legal and campaign policy matters. What are the legal rules concerning contributions from:

- o A non-federal political committee?
  - e.g.: Kevin Michael Burke Committee
- o A federally-registered political committee?
  - e.g.: Barbara Boxer for Congress
- o A non-incorporated Hart booster club?
- o A state or county political party organization?
- o A non-incorporated student organization?
- o An Indian Tribe (We had some in 1983-84)

FGH does not accept contributions from Political Action Committees, regardless of their sponsoring organization. This policy also extends to not accepting earmarked individual contributions which are forwarded by those organizations. We have, however, accepted contributions from candidate committees and from Democratic Party committees and clubs,

2 4 0 4 3 6 0 4 1 7 3

without inquiring whether those committees accept contributions from PACs. This policy should be positively affirmed by the campaign leadership.

American With Hart

1984 FEC Audit Issues

The clock continues to run on several issues which are either the subject of (1) the most sophisticated legal review imaginable within the FEC Counsel's office, or (2) the subject of one of the most incredible bureaucratic processes known to man. Should we contact the FEC and get these matters dealt with before we get closer to the 1988 primary season? Regardless of how successful we are in dealing with the substance of the issues, they will represent press and opponent opportunities for negative coverage of the candidate and his committees.

Debt Disclosures

Our reports of outstanding debts still do not disclose all situations (or dollar amounts, where they can be calculated) where judgments entered against AWH include "interest and costs as provided by law." Although Scott Van Hove continues to do an heroic job for us in managing relationships with creditors, I believe we should have an independent counsel review of all judgments and pending litigation, and provide specific advice to the Treasurer concerning any additional disclosures which should be made on the debt schedule in AWH's FEC report

The Volunteer Committee

Shut it down by March 31, 1987

Liquidate the corporation?

Requires payment of debts

What do we do about disputed amounts?

Requires resolution of July 1986 TVC-FGH matters

Do we have possible refunds pending:

Kevin Michael Burke Committee

Lake County Democratic Committee

Hart For Senate Campaign Committee

Shut it down by March 31, 1987

Liquidate the corporation?

Requires repayment of loans made to FGH

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FGH Legal Matters

Other Legal Questions
David Miller re: Minimum wage laws

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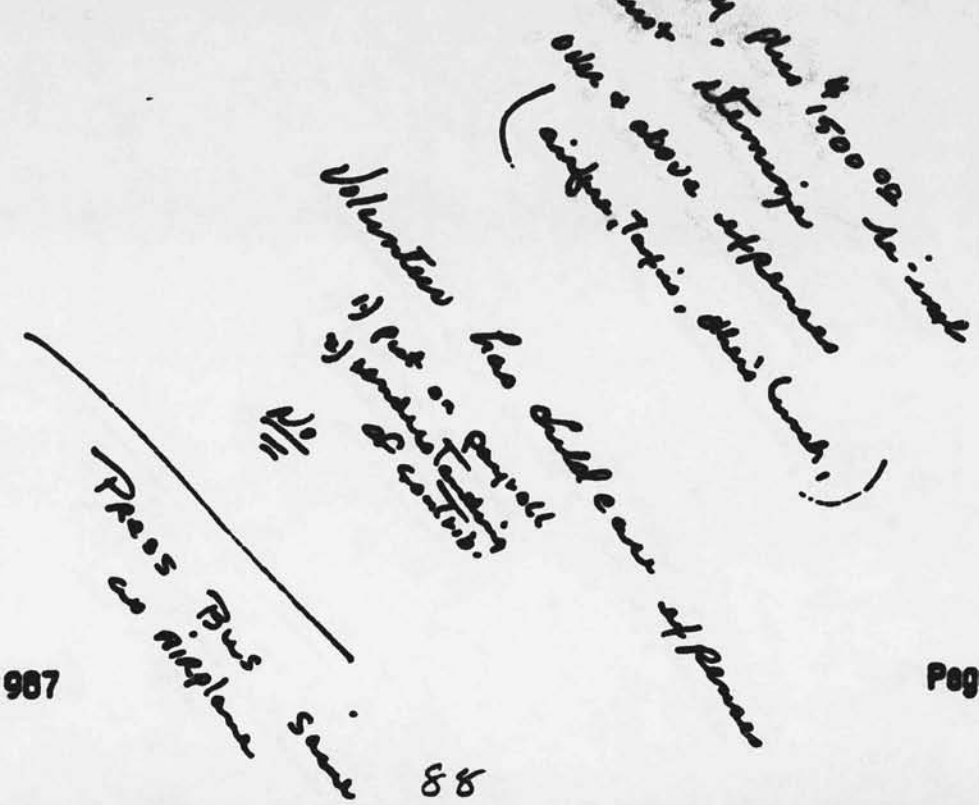

RECOMMENDATION #11

[25% / 75% allocation with Volunteer Committee]
(Exhibit 10)

In July, 1986, The Volunteer Committee (TVC) sponsored a conference at the Executive Tower Inn in Denver, Colorado. The event was organized by Stratton & Associates, as further described in FOGH's response to Recommendation #12 below, which received contributions from certain participants and made all disbursements for expenses related to the weekend.

At the time of the event, FOGH had not been organized. However, within two months of the organization of FOGH, Committee officials reviewed various activities of the Volunteer Committee, seeking to report properly any which may be regarded as "testing-the-waters" activities of FOGH. Upon recommendation of its legal counsel, FOGH determined that a portion of the event should be so allocated. Accordingly, 25% of the contributions and expenses of the July, 1986 event were allocated to FOGH as in-kind contributions (and in-kind disbursements).

Michael R. Moore, who served both as Treasurer of the Volunteer Committee and Treasurer of Friends of Gary Hart – 1988, Inc. (from inception through December, 1987), was involved in initiating the review of Volunteer Committee activities and in the determination of the allocation percentages. Mr. Moore has provided a document (included in Exhibit 10) describing the event in question and the considerations leading to the 75%/25% allocation. He has also provided a copy of the agenda for the meeting (also included in Exhibit 10).

Mr. Moore's concluding statement:

> **"The 25% allocation is also subjective, but we believe it allocates generously the extent of testing-the-waters activities."**

represents the position of FOGH.

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Friends of Gary Hart - 1988, Inc.

The Volunteer Committee Event

The purpose of the July 11-13, 1986 meeting was to further the mission of The Volunteer Committee: "to promote, facilitate and coordinate the volunteer involvement of individuals in the political campaigns of Democratic Party Candidates for federal office, and to solicit and accept voluntary contributions from individuals, and make expenditures of such funds, to Democratic Party candidates for federal elective office or their campaign committees, to the extent permitted by law."

TVC's activities were designed to leverage the public interest in Senator Gary Hart, whose prominent positioning in the Democratic Party, following the 1984 elections, could be expected to attract volunteers and contributors who would enable The Volunteer Committee to accomplish its mission. Interest in Gary Hart was heightened by the prospect that he would emerge as the front-runner for the Democratic Party's 1988 nomination for president.

In pursuing its mission, The Volunteer Committee, capitalized on the speculation and anticipation concerning Hart's 1988 candidacy for the presidency. Hart's positions on issues, Hart's travel and public appearances, Hart's future plans, all were of high interest to state party officials, volunteers and members of campaign organizations of Democratic Party candidates. Hart's involvement and support was seen to add value to a congressional candidate's campaign, in part due to the speculative interest in a Hart 1988 presidential candidacy.

The July 11-13 meeting was organized to promote the programs of The Volunteer Committee, to inform state party workers and individuals involved with candidates for 1986 federal offices about the resources of the Committee and how TVC and Gary Hart might assist Democratic Party candidates. The Committee's assistance was focused on in-kind, rather than money contributions: the preparation and distribution of issues papers and campaign organization and management materials; the recruitment and matching of volunteers to candidates, based on shared values: the scheduling of Gary Hart to assist the congressional candidate in organization building, public appearances, fundraising, etc.

The July 11-13 meeting was scheduled at a time, following most of the 1986 state primaries, when when candidate plans for general election campaigns were being formulated. The timing of the meeting and its agenda were intended to get maximum benefit of materials prepared by the Committee, of volunteers it had recruited to work in 1986 election campaigns, and of Gary Hart's personal involvement in these campaigns.

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The agenda of the meeting included orientation and discussion of these dimensions of the Committee's work: issues papers, campaign management materials, FEC compliance issues, overall political strategies, Gary Hart's activities and future plans, etc.

Friends of Gary Hart - 1988, Inc. was not formed until November 1986. As the staffing of the FGH 1988 came together, the Committee's treasurer, in consultation with legal counsel, reviewed the activities which occurred prior to organization of the Committee to determine which, if any, should be accounted for as testing-the-waters activities. Their judgment was that, although the July 11-13 meeting was organized and executed to accomplish the purposes of The Volunteer Committee, that sufficient incidental activity took place which might be considered to be of a testing-the-waters nature, and that Friends of Gary Hart - 1988 should designate the July 11-13 meeting as the initial event for beginning testing-the-waters accounting.

We believe that a conclusion that meeting was conducted solely for the purposes established for The Volunteer Committee could have been made and would have been defensible. We chose retroactively, however, to label certain incidental activities around the meeting as testing-the-waters, as it was the earliest possible event which, to our knowledge, included activities that might be construed as testing-the-waters. The judgments to designate the July 11-13 meeting as the starting point of FGH 1988 activities, and the 25% allocation percentage assigned, were subjective, made with the intention of not understating the start-up costs of FGH 1988.

The allocation was not based on counting time spent on individual agenda items or on any other objective measures. There was no statistical or measurable basis available to fix an allocation percentage. Even the subject matter of an agenda item, in itself, not determinative of the purpose. Discussion of Gary Hart's plans and prospects for 1988, for example, would be entirely within the purpose of The Volunteer Committee's charter to generate interest in deploying Gary Hart to the advantage of Democratic Party candidates for congress in 1986.

There is little science underlying the judgment that a meeting, agenda item or conversation is wholly or in-part of a testing-the-waters nature. Our judgments were based on a belief that specific testing-the-waters conversations started about this time, albeit incidental to a meeting organized by a different organization, pursuing a different set of purposes. The 25% allocation is also subjective, but we believe it allocates generously the extent of testing-the-waters activities.

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Agenda For Denver, Colorado Meeting
July 11-13, 1986

FRIDAY EVENING: Arrivals by 4:00 PM.

4:30 - 6.15 PM: Reception sponsored by the Colorado Host Committee at Executive Tower Inn. Informal dinner arrangements can be made at the reception since no formal dinner is planned.

Executive Tower Inn (ETI)
1405 Curtis Street
Denver
303-571-0300

SATURDAY:

8:00 - 9:00 AM: Continental Breakfast at Executive Tower Inn

9:00: FIRST SESSION begins.

9:00 - 9:15: Welcome by Bill Dixon, overview of what we intend to accomplish during the weekend, description of agenda, opening remarks.

9:15 - 9:45: Bill Dixon and Bill Shore, summary of overall political strategy for 1986 and the future.

9:45 - 10:00: Q&A

10:00 - 10:45: PANEL I. Mike Moore, Richard Wagner, Jack Quinn, and Bill Dixon to discuss: debt retirement, fundraising strategy, FEC compliance, and related campaign finance matters.

10:45 - 11:15: Q&A

11:15 - 12:00: PANEL II. Bill Morton, Jack Quinn, Bill Dixon and Bill Shore to discuss Fairness Commission rules, changes in 1988 calendar, delegate selection procedures, DNC and automatic delegates.

12:00 - 12:15: Q&A

12:15 - 1:30: Lunch

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1:30: SECOND SESSION BEGINS

1:30: - 2:15: PANEL III. Jon Mills, John Emerson, Sue Casey, Chris Brown, John Kulewicz and Rick Ridder to discuss organizing techniques, recruitment of elected officials into state organizations, integration of party establishment, and related matters.

2:15 - 2:30: Q&A

2:30 - 3:00: PANEL IV. Greg Lebel, Doug Wilson, Chris Phillips, and Bill Shore to discuss 1986 elections, candidates GH is helping, The Volunteer Committee, etc.

3:00 - 3:45: PANEL V. Discussion on issues, themes, press - Kevin Sweeney and David Dreyer.

3:45 - 4:00: Q&A

4:00 - 4:15: BREAK. ARRIVAL OF GWH. MIX AND MINGLE

4:15 SECOND SESSION CONTINUES

4:15 - 4:45: GWH speaks on his vision of where the country is headed, major themes, etc.

4:45 - 5:45: Open group discussion with GWH

5:45 - 6:45: DOWNTIME

6:45 - 7:00: Van departure to dinner

7:00: Dinner at The Denver Kent Day School

<u>SUNDAY:</u>

8:00 - 9:00: Continental Breakfast at ETI

9:00: THIRD SESSION BEGINS

9:00 - 9:30: PANEL VI. Discussion by Chris Phillips and Richard Wagner on communications networks - - both intra and interstate: lists, newsletters, etc.

9:30 - 10:15: SUMMARY AND WRAP-UP by Bill Dixon and Bill Shore. Outline of specific requests of state leaders for the future.

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10:15 - 10:30: Depart for Gary and Lee's home at Troublesome Gulch

NOTE: LAST VAN DEPARTS AT 10.30 AM SHARP!!!

11:00 - 1:00: BRUNCH AT TROUBLESOME GULCH with Gary and Lee Hart

1:00: Retreat ends. Open time. Departures.

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RECOMMENDATION #12

[Income and expenses of the July, 1986 event]
[Michael Stratton's role in Volunteer Committee]
(Exhibit 11)

Stratton and Associates (SA) assisted the Volunteer Committee in organizing an event in July, 1986. When FOGH was formed, a portion (25%) of the income and expenses for this event was allocated to FOGH as a "Testing-the-waters" activity.

Several of the attendees made contributions to the Volunteer Committee (by making checks payable to the Stratton and Associates) to cover the cost of the event.

Mr. Michael Stratton has cooperated with FOGH in providing documentation for SA disbursements and receipts related to this event:

Invoices		SA Disbursements		
Quik Print	87.60	3038	Quik Print[1]	87.60
Executive Tower Inn	2262.03	3407	Executive Tower Inn	45.68
		3047	Executive Tower Inn	100.00
		3056	Executive Tower Inn	800.00
		MISC	Executive Tower Inn	1318.35[2]
Rosen-Novak Rent-a-car	302.28	2972	Rosen-Novak	156.84
Rosen-Novak Rent-a-car	302.28	3003	Rosen-Novak	750.00
Rosen-Novak Rent-a-car	302.28			
Wrangler 2	1440.00	3021	Wrangler 2	1440.00
Butler Rents	483.00	3018	Butler Rents	483.00
Documented misc cash disbs	1,397.61	3041	Tri-State Bank (cash)	1,500.00
Undocumented misc cash	102.39[3]			
Sage Brush	22.50	3316	Sage Brush	22.50
Marlowe's	232.60		American Express charge	232.60
Cheeby's	20.05		American Express charge	20.05
Northglenn Travel Agency	391.00	3026	Northglenn Travel Agency	1420.50
Northglenn Travel Agency	276.00	3082	Northglenn Travel Agency	137.50
Northglenn Travel Agency	195.50		Northglenn Travel (refund)	95.90-
Northglenn Travel Agency	100.00[4]		Northglenn Travel (refund)	260.50-
Northglenn Travel Agency	100.00[5]		Correction	.40
Northglenn Travel Agency	137.50			

2 4 0 4 3 6 0 4 1 8 2

Total disbursements	8,156.62	8,156.62

[1]A copy of SA check 3038 could not be located for this report. The check number is, however, noted on the QuikPrint invoice.

[2]Apart from the checks listed, checks documenting SA payments to Executive Tower Inn for this event could not be segregated from other SA payments to the same vendor. The entire billed amount was, however, paid by SA.

[3]Receipts are available for all but $102.39 of the cash received.

[4]When the use of the bus was cancelled, the initial invoice amount of $360.50 was changed to $100.00, resulting in a $260.50 refund to SA.

[5]When the use of the bus was cancelled, the initial invoice amount of $195.90 was changed to $100.00, resulting in a $95.50 refund to SA. The actual refund check was written for $95.90, resulting in the $0.40 correction.

SA used the proceeds from the following Volunteer Committee contributions to cover the costs.

Donor	Amount
Erv Torrell	1,000.00[4]
Albert H. Gersten, Jr.	2,500.00[4]
David Stein	1,000.00[4]
William Broadhurst	1,000.00
Don Carlson	2,000.00
Stuart Karl	500.00
Total	7,900.00

[4]These three contributions, totalling $5,100.00 and specifically noted in the Interim Audit Report, were initially made by corporations. Since SA subsequently refunded these amounts to the corporations, and received checks drawn on personal accounts, we have listed the contributors as the individuals shown.

Therefore, there was a net deficit of $256.62 in funding this activity. The deficit was funded by SA and included as a part of its in-kind contribution to the Volunteer Committee. SA valued its services, for reimbursement of office expenses (telephone, postage, etc.), consulting services, and funding the deficit at a total of $2,300.00.

FOGH properly reported its 25% share of these amounts as in-kind contributions on its Report of Receipts and Disbursements for the period Inception – June 30, 1987.

24043604183

LEGAL REVIEW AUDIT ASSIGNMENT LRA #316

TO: LAWRENCE M. NOBLE

FROM: Kim Bright-Coleman KBC

DATE: 9/8/88

SUBJECT: Interim Report of the Audit Division on Friends of Gary Hart - 1988, Inc.

APPROVED FOR ASSIGNMENT [signature]

STAFF: D. Anderson

DUE DATE: October 7, 1988

DISAPPROVED FOR ASSIGNMENT _____

REASONS: _____

PLEASE RETURN TO DOCKET AFTER ASSIGNMENT. THANK YOU.

3-87

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SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT

MUR 3020
STAFF MEMBER: Reilly

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
90 OCT -3 PM 4:26

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

RESPONDENTS:

Friends of Gary Hart and Stephen Alfers, as treasurer
Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer
Colorado Democratic Campaign Committee (Federal Account/Non-Federal Account) and Martha M. Ezzard, as treasurer
Office Liquidators, Inc.
Merchant's Office Furniture, Inc.
Albert Gersten, Jr.
The Gersten Companies, Inc.
The Volunteer Committee and Michael Moore, as treasurer
Frankland & Leinhard, Inc.
JLF Inc.
Marchuck, Wind, & Associates, Inc.
Anderson Information Management, Inc.
YCS Investment Inc.
Maxwell Technical Services, Inc.
Tally Ho Motor Inn, Inc.
Monarch Group, Inc.
Stratton and Associates, Inc.
Michael Stratton

STATUTES:

2 U.S.C. § 441a(f)
2 U.S.C. § 441a
2 U.S.C. § 441b(a)
2 U.S.C. § 434
11 C.F.R. § 102.5

INTERNAL REPORTS CHECKED: OGC Comments to Final Audit Report

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter arose from a referral to the Office of the General Counsel from the Audit Division. The referral discusses the 1988 presidential campaign of Senator Gary Hart ("the Candidate") and his authorized committee, the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee"). The referral addresses seven specific factual situations. Each is analyzed separately below.[1]

II. FACTUAL AND LEGAL ANALYSIS

A. SALE OF FUNDRAISING ASSETS

The first item referred addresses the Committee's sale of fundraising assets. In March, 1987 the Committee received a contribution of fifty belt buckles intended for fundraising purposes.[2] Subsequently, after the Candidate withdrew from the race for the first time in May, 1987, the Committee contracted to sell the belt buckles to the Democratic Congressional Campaign Committee ("DCCC") for $40,000. The DCCC apparently intended to sell the belt buckles. In November and December, 1987, the DCCC made two $10,000 payments towards the total purchase price from its Non-Federal Account. A dispute arose between the parties when

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1. This Committee is also a respondent in MUR 2583. Because that matter primarily focuses on the activities of Stuart Karl, includes distinct issues of fact and law from this matter, and is well into the investigatory phase, we do not recommend merger at this time.

2. The donor and his spouse contributed the costs of these materials, assessed at $2,500. The Committee refunded $500 to these contributors because the assessed amount exceeded their combined contribution limitation.

the Candidate re-entered the presidential race. Alleging a breach of contract and diminished resale value of the belt buckles, the DCCC returned twenty-five of the belt buckles and refused to make further payments.

The interim audit report recommended that the Committee demonstrate that the amount received from the DCCC was not a prohibited contribution, or issue a refund. Subsequently, the DCCC returned the outstanding items and the Committee repaid the $20,000, less an adjustment for one missing belt buckle.[3]

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions in connection with a federal election. Corporations are prohibited from making such contributions. Id. A contribution is defined to include any gift, subscription, loan, advance, or anything of value made in connection with a federal election. See 2 U.S.C. §441b(b)(2).

Political committees conducting both federal and non-federal activities have two options to ensure that non-permissible funds are not used in connection with federal elections. See 11 C.F.R. § 102.5. A committee may establish a separate account containing only permissible funds and conduct federal activity out of this account. See 11 C.F.R. § 102.5(a)(1)(i). Alternatively, committees may conduct both federal and non-federal activity out of a political committee accepting only funds subject to the Act's prohibitions and limitations. See 11 C.F.R. § 102.5(a)(1)(ii).

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3. The Committee recently received an advisory opinion regarding its disposal of the belt buckles. See A.O. 1990-11.

Publicly funded candidates may sell fundraising assets prior to the end of the matching payment period subject to the Act's prohibitions and limitations. 11 C.F.R. § 9034.9(a). The matching payment in this matter is from January 1, 1988 through July 20, 1988.[4]

In the instant case, the Committee accepted funds from the DCCC's non-federal account that may have contained prohibited funds. Notwithstanding the existence of the contract between the parties, the sale of a fundraising asset by a political committee constitutes a contribution as to the entire purchase price. See A.O. 1979-76.[5] Consequently, this Office recommends that the Commission find reason to believe that the Committee violated 2 U.S.C. § 441b(a). Additionally, this Office recommends that the Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a).

B. RECEIPT OF EXCESSIVE CONTRIBUTIONS

The audit referral also includes excessive contributions made to the Committee. At the interim audit stage, the auditors

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4. The Commission's Regulations also permit a publicly financed candidate with outstanding debts exceeding cash on hand to dispose of fundraising assets after the end of the matching payment period without regard to the Act's prohibitions and limitations. 11 C.F.R. § 9034.9(b). Given the Candidate's re-entry into the presidential race in December 1987, this transaction is properly analyzed under 11 C.F.R. § 9034.9(a).

5. But see, MUR 2012 where the Commission found probable cause to believe that a committee's exchange of bibles (a fundraising asset) for goods and services provided by a corporation constituted a prohibited corporate contribution only as to the profit made on the sale.

concluded that the Committee accepted $40,263.36 in excessive contributions, dividing the excessives into three categories. These were: 1) contributions not refunded in a timely manner, 2) contributions said to be reattributed to another contributor, and 3) other contributions.

The Act limits persons to contributing $1,000 per election to an authorized committee of a candidate. 2 U.S.C. § 441a(a)(1)(A). Contributions that are facially excessive or are excessive when aggregated with other contributions from the same contributor may either be deposited into a campaign depository or returned to the contributor. See 11 C.F.R. § 103.3(b)(3). If placed in the campaign depository, the treasurer of the committee may then request redesignation or reattibution of the contribution. In the event this does not occur, the treasurer shall refund the excessive portion of the contribution within sixty days.[6]

Regarding the first set of contributions, the interim audit determined the Committee refunded $6,141.25 in excessive contributions between 94 and 324 days from the date of deposit. Two arguments were raised by the Committee as a result of the interim audit. First, the Committee argues that funds intended for contribution refunds were unavailable because a $100,000 certificate of deposit was garnished by creditors of the 1984 Gary Hart Committee. The certificate of deposit was unavailable to the

6. This matter cites Regulations that became effective on April 8, 1987. Prior to that date, a committee was required to acquire redesignations and reattributions, or to make refunds within a reasonable period of time. For the purposes of these excessive contributions received prior to the effective date of the new Regulations, a sixty day period is also used.

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Committee from the May 8, 1987 garnishment until these funds were returned to the Committee on January 28, 1988. The Committee asserts that the time period during which the funds were garnished should be excluded from calculating the excessives. Under this analysis, eight of the excessive contributions totaling $4,750 would be considered refunded on a timely basis. Because the Committee nevertheless had sufficient cash on hand during this period to refund the contributions in question, this Office is not persuaded by this argument.

The Committee also challenged the interim audit report's effective date of the Committee's receipt of certain in-kind contributions. These contributions arose out of a July 1986 meeting of the Volunteer Committee.[7] Because the Committee later determined that this event should be reported (in part) as testing the waters, the Committee argues that date of its decision to so classify these contributions (March 9, 1987), should be used as the effective date of the contributions. The use of the latter day would require that refunds of certain contributions were timely.

This Office is unpersuaded that the effective date of the contributions should be in March 1987 when the Committee "recognized" their existence. The Commission's Regulations at the

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7. The Volunteer Committee is further discussed at Section G. The June 1986 meeting included discussions of Senator Hart's proposed presidential bid, and thus were considered to be testing the waters activity.

Materials received in MUR 2583 indicate that the Hart Committee may have considered this to be testing the waters activity in December, 1986.

time stated the effective date of receipt was the date the committee, treasurer, his representative or intermediary obtains possession of the contribution. The audit materials indicate that many key persons associated with the Hart Committee, including the first treasurer, participated in the programs conducted at the retreat. Consequently, the Committee received these contributions in July, 1986 and thus, they were not refunded in a timely manner. A list of these contributions is attached.

The second set of excessive contributions looks to those where the excessive portions were attributed to other contributors without required documentation. In the interim audit report, the auditors noted 23 such excessive contributions totaling $18,107.11 that were attributed to individuals other than the contributor. Based upon evidence submitted by the Committee, this figure was reduced to $9,357.11.[8]

As previously noted, persons are limited to contributing $1,000 per election to an authorized committee of a candidate, 2 U.S.C. § 441a(a)(1)(A), and political committees are prohibited from accepting contributions exceeding the Act's limitations. 2 U.S.C. § 441a(f). The Commission's Regulations provide that any contribution made by more than one person (except a partnership contribution) shall include the signature of each contributor on

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8. This adjustment was the result of the Committee's production of sworn affidavits regarding the dates of certain reattribution letters said to have been lost by the Committee. For two contributions seized by the United States Marshals, the auditors revised the number of days such contributions were outstanding to exclude the time contributor information was unavailable to the Committee.

the check, money order, or other negotiable instrument, or on a separate writing. See 11 C.F.R. § 110.1(k)(1) and (3). The Regulations also permit reattribution of contributions. A contribution is considered reattributed where the treasurer of a political committee asks the contributor whether the contribution is intended to be a joint contribution from more than one person; and the treasurer informs the contributor that he or she may request the return of the excessive portion of the contribution if it is not intended to be a joint contribution; and within sixty days from the treasurer's receipt of the contribution, the contributors provide the treasurer with a written reattribution indicating the amount to be attributed to each contributor in the event equal attribution is not intended. 11 C.F.R. § 110.1(k)(3)(ii). The treasurer is required to maintain such reattributions. 11 C.F.R. § 110.1(l).

In the instant case, the Committee failed to meet the Regulations' requirements. Thus, the contributions in question were not reattributed timely. A list of these contributions is attached.

The third set of excessive contributions are others noted in the interim audit report, totaling $16,015 from 25 contributors. Based upon information submitted after the interim audit report, this figure has been adjusted to $7,940. A list of excessive

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contributions is attached.[9]

As illustrated above, the Committee has accepted excessive contributions. Therefore, this Office recommends that the Commission find reason to believe respondents violated 2 U.S.C. § 441a(f).

C. RECEIPT OF CORPORATE CONTRIBUTIONS

The auditors determined that the Committee accepted 12 corporate contributions totaling $3,325. Additionally, the Committee reported 3 in-kind corporate contributions totaling $1,275.[10] (See attached schedule.)

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions in connection with a federal election. Political committees are prohibited from knowingly accepting corporate contributions. Id.

In its response to the interim audit, the Committee merely stated it attempted to identify and return corporate contributions as they were received. The Committee also argues that it should not be responsible for the in-kind corporate contributions because the checks in question were not made payable to the Committee.

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9. This Office makes no recommendations regarding the individual contributors since their excessive contributions did not exceed twice the Act's limitations. The one exception was Larry Tattler whose excessive portion was $2,000. Because this amount was refunded sixty eight days after receipt (and thus close to the sixty day window) this Office makes no recommendations as to this individual.

10. These latter contributions involved in-kind contributions made to the Volunteer Committee that were then allocated to the Hart Committee as testing the waters activity. The checks in question were made payable to and deposited into the account of Stratton & Associates. These contributions are further discussed at Section G.

Because neither aspect of the response obviates the violation, this Office recommends that the Commission find reason to believe respondents violated 2 U.S.C. § 441b(a). This Office further recommends that the Commission find reason to believe those corporations whose prohibited contributions exceeded $100 violated 2 U.S.C. § 441b(a).[11]

D. EXCESSIVE CONTRIBUTIONS FROM THE COLORADO DEMOCRATIC PARTY

The interim audit noted that the Committee accepted apparent excessive in-kind contributions from the state account of the Colorado Democratic Federal Campaign Committee. These contributions were primarily for rent and telephone costs. Based upon the response to the interim audit report, it appears these excessives totaled $32,180. To date, the Committee has reported a $5,000 in-kind contribution and reimbursed all but $5,000 of the excessive contributions.

The auditors had initially determined that these contributions were excessive. Additional information, however, reveals that the contributions were drawn on the State Party's non-federal account. Colorado state law permits contributions that would be prohibited under the Act. Consequently, this Office recommends that the Commission find reason to believe respondents violated section 441b(a). Additionally, we further recommend that

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11. These corporations are: Frankland and Leinhard, Inc.; JLF Inc.; Marchuck, Wind & Associates, Inc.; Anderson Information Management, Inc.; YCS Investment, Inc.; Maxwell Technical Services, Inc.; Tally Ho Motor Inn, Inc.; The Gersten Companies Inc.; and The Monarch Group, Inc. This is consistent with the Commission's recent action in MUR 2989.

the Commission find reason to believe the State Party violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a).

E. IN-KIND CORPORATE CONTRIBUTIONS OF FURNITURE

The final audit report noted two transactions regarding contributions of furniture. The Committee initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. When the interim audit report questioned this transaction, the Committee responded that the furniture in question was owned by Office Liquidators Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators this latter amount on February 22, 1989.

The second transaction involves a possible in-kind contribution from Merchant's Office Furniture, Inc. In their review of the Committee's expenditures, the Audit staff found a handwritten note on an invoice from this company indicating that Merchant's had provided "free desks, cabinets, etc.," to the Committee. Based upon this notation, the interim audit report questioned this transaction. The Committee then produced a letter from the corporation's vice president stating he was unable to find a record of a donation to the Committee, but adding the Company sometimes sets aside some of its "used non-inventoried furniture" as trash or for donation to non-profit agencies. Thus,

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the circumstances of this possible in-kind contribution are unclear.[12]

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions. A corporate contribution is defined to include any direct or indirect payment or anything of value made in connection with a federal election. 2 U.S.C. § 441b(b)(2). The Act also requires political committees to report the identification of each person making a contribution to the committee exceeding $200. 2 U.S.C. § 434(b)(3)(A).

In light of the foregoing, it appears that the Committee accepted a corporate contribution from Office Liquidators, Inc. in the form of furniture and reported such contribution as coming from individuals. Additionally, regarding the second contribution, because the Committee's own documents indicates it received "free goods" from Merchants Office Furniture, there is sufficient information to meet the threshold for a reason to believe determination. Accordingly, this Office recommends that the Commission find reason to believe Office Liquidators, Inc. violated 2 U.S.C. § 441b(a), and that Merchants Office Furniture violated 2 U.S.C. § 441b(a). Finally, based upon these

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12. A similar factual scenario was presented in MUR 2840 regarding a labor organization's donation of ten used metal desks and chairs to the Jessie Jackson for President Committee. Although this Office determined that the valuation of these contributions was "unknown" but "limited," the conciliation agreement approved by the Commission included this violation.

Moreover, in this instance there is also a factual question whether Merchant's Office Furniture claimed a charitable deduction on its federal income tax return for materials donated to the Hart Committee. If so, this would constitute additional evidence that a contribution was made.

transactions, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated 2 U.S.C. §§ 441b(a) and 434(b)(3)(A).[13]

F. Contributions by Albert H. Gersten, Jr.

The interim audit report noted two sets of possible excessive in-kind contributions from Albert H. Gersten, Jr.[14] The first set concerns equipment purchased by Mr. Gersten for the Committee's use. The Committee's records included a February 9, 1988 letter from this individual requesting reimbursement for $9,442.88 in goods, equipment, and services purchased in January and February 1988. These included office equipment ($7,887.70), campaign buttons ($1,140.80) and transportation costs ($415). A second letter dated February 26, 1988, requested an additional $92.03 for cellular phone service, thus bringing the total of these advances to $9,534.91. Mr. Gersten paid for some of these items using personal checks ($3,621) and used a credit card for others ($1,496 and $415 for travel). The auditors could not locate any documentation regarding the sources used to pay for two FAX machines ($2,770.70) and the campaign buttons. In several instances Mr. Gersten used his business tax exempt status and his business address when purchasing these items. Following a request

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13. It is unclear why the Committee initially reported these contributions as from the individuals. Should the investigation reveal that the individuals permitted their names to be used to effectuate these contributions, this Office will make appropriate recommendations at such time.

14. Mr. Gersten also made the maximum permitted contribution to the Committee on February 20, 1987.

for repayment, the Committee paid Mr. Gersten $3,000 on May 10, 1988.

The auditors obtained a May 25, 1988 internal memorandum of the Committee acknowledging the advances made by Mr. Gersten and discussing repayment alternatives.[15] The memo disclosed an agreement between the parties whereby the Committee would return some of the equipment, paying 25% of the purchase price as a rental fee (a $2,317.02 credit). Thus, the Committee calculated the debt total as $3,710.86 ([$9,027.88 - $3,000] - $2,317.02). The Committee paid Mr. Gersten this amount on June 17, 1988.

Additionally, Mr. Gersten apparently provided other goods and services to the Committee. On April 21 and May 7, 1987 the Committee made two $11,555.72 payments repaying certain debts. One payment was to the Gersten Companies, Inc.; the other was to Mr. Gersten personally. The Committee reported the purposes of these disbursements as entertainment services, personnel expenses, space rental, printing and duplication, postage and delivery, and food and beverages. The Committee's disclosure reports, however, listed both disbursements as made to Mr. Gersten.

These disbursements were further explained in a September 20, 1988 letter from the Committee explaining that Gersten Companies, Inc. paid $23,111.44 in expenses for a January 29, 1987, dinner honoring Senator Hart. The Corporation paid these expenses

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15. The initial request for reimbursement was for $9,442.88 because the Committee did not include the $415 for travel expenses, and thus considered the debt to be $9,027.88. As noted, the reimbursement for the cellular phone was made separately.

between November 11, 1986 and February 29, 1987 using twenty-two separate checks drawn on the "Special Projects" account of the Gersten Companies, Inc. Also provided were copies of the Committee's reimbursement checks. One was dated April 21, 1987, and was payable to the previously noted Special Projects account. The other was a cashier's check dated May 7, 1987, and payable to Mr. Gersten personally.

The interim audit report noted that these appeared to be excessive or prohibited contributions. The Committee's response acknowledged that some of these payments may have been made from corporate funds, but has not made any other response.

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions. An officer or director of a corporation is prohibited from consenting to a corporate contribution. Id. A corporate contribution is defined to include any direct or indirect payment or anything of value made in connection with a federal election. 2 U.S.C. § 441b(b)(2). The Act also limits individuals to contributing $1,000 per election to an authorized committee of a candidate. 2 U.S.C. § 441a(a)(1)(A). Moreover, political committees are prohibited from accepting contributions exceeding the Act's limitations. 2 U.S.C. § 441a(f). Political committees are also required to submit reports to the Commission reporting the name and address of each person to whom an expenditure of more than $200 is made. 2 U.S.C. § 434(b)(5)(A). Additionally, political committees are required to report and itemize contributions exceeding $200. 2 U.S.C. § 434(b)(3)(A).

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As discussed above, it appears that the Committee accepted contributions from Albert H. Gersten and the Gersten Companies, Inc. These contributions were apparently composed of corporate funds and personal funds. Additionally, although the reimbursements were reported as made to Mr. Gersten, in some cases the Gersten Companies Inc. was the actual payee. Consequently, this Office recommends that the Commission find reason to believe the Committee violated 2 U.S.C. §§ 441b(a) and 434(b)(5)(A). Additionally, because the Gersten Companies, Inc. was the source of some of these contributions, this Office recommends that the Commission find reason to believe this Corporation violated 2 U.S.C. § 441b(a). Finally, because Mr. Gersten was the source of other excessive contributions and apparently also consented to the corporate contributions in his capacity as an officer or director, this Office recommends that the Commission find reason to believe Albert Gersten violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a).

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G. ACTIVITIES OF THE VOLUNTEER COMMITTEE

This section addresses the activities of "the Volunteer Committee", a federal political committee formed in February, 1986, whose Statement of Organization indicated its purpose as to promote volunteer involvement of individuals in the Democratic Party, and to contribute to candidate committees.

The Volunteer Committee held a meeting in Denver, Colorado in July, 1986, purportedly to advise candidates regarding available assistance in the 1986 election year. The final audit report indicates that the Volunteer Committee poses two distinct legal

problems regarding the Hart Committee. The first issue looks to allocation between the Volunteer Committee and the Hart Committee. The second issue concerns the possibility of prohibited contributions made to the Volunteer Committee that reached the Hart Committee.

1. Allocation Problems

The July 1986 meeting was funded by direct and in-kind contributions from corporations and individuals. The Committee determined that 25% of the expenses from this meeting should be allocated to the Hart Committee. The basis of this determination was that this meeting included conversations and discussions regarding Senator Hart's presidential bid. The Committee reported a total of $2,600 in in-kind contributions from six individuals for food and beverages relating to this gathering. The Committee provided no documentation to support this allocation and the interim audit report challenged the basis of this attribution.

The Committee's response to the interim audit stated that the 25% allocation represented "generously the extent of the test-the-waters activity" occurring at this meeting. Material provided appears to indicate, however, that this meeting devoted extensive discussion to the Candidate's presidential bid.[16]

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16. In fact, this event raises the question whether Senator Hart may have become a presidential candidate by virtue of the funds expended for this meeting. See 2 U.S.C. § 431(2). Individual contributions for the whole event ranged from $800 to $2,500 (Attachment 1, page 132), and were allocated 25% to the Hart Committee and 75% to the Volunteer Committee. A larger allocation could result in possible excessive contributions by these individuals as well as reporting violations by the Hart Committee. This event involved corporate contributions as well, and based on these findings as later discussed, this Office will attempt to

2. Apparent Prohibited Contributions

Not all expenses of the Volunteer Committee were paid for by that entity. Rather, the entity previously noted as having acted on behalf of the Volunteer Committee, Stratton & Associates, paid for some expenses. Participating entities, including three corporations, then paid attendance fees directly to Stratton & Associates.[17] This Office previously recommended reason to believe the Hart Committee violated section 441b in connection with these corporate contributions. In light of these circumstances, this Office further recommends that the Commission find reason to believe the Volunteer Committee violated 2 U.S.C. § 441b(a) by its receipt of these corporate funds.[18]

H. Proposed Discovery

This Office further recommends that the Commission approve subpoenas for the deposition of both Albert Gersten and Michael

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(Footnote 16 continued from previous page)
flesh out the circumstances of the event. Should further possible violations arise, this Office will make appropriate recommendations.

17. These corporations are Tally Ho [Motor] Inn ($1,600), the Gersten Companies ($2,500) and the Monarch Group, Inc. ($1,000). As noted in Section C (footnote 10) the Hart Committee accepted at least a portion of these corporate amounts.

18. As noted above, Stratton & Associates collected funds for this event from participating entities and paid expenses associated with the event. According to the auditors, these expenses were incurred and paid during July, 1986; the contributions were received during June and July, 1986. It appears, therefore, that this sole proprietorship paid the Committee's expenses with the contributions it had collected. Thus, Stratton & Associates' the payments to vendors do not appear to be in kind contributions by it. The issue remains, however, whether Stratton & Associates made in-kind contributions by its provision of services in arranging the retreat. No recommendations are made at this time pending further information.

Stratton. It appears Mr. Gersten made a number of excessive contributions and, as a corporate officer, consented to a number of these contributions. Questions are raised regarding whether he assessed the Committee for the fair market value of the goods in question, and whether his subsidization of the campaign was knowing and willful violations of the law. Additionally, Stratton and Associates' activities regarding the funding of the activities of the Volunteer Committee also address the issue whether violations of the Act occurred and whether such violations were knowing and willful. We believe the testimony of these individuals will shed light on these issues and will also provide information regarding the reasonableness of the allocation method used by the Volunteer Committee.

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III. RECOMMENDATIONS

1. Find reason to believe the Friends of Gary Hart and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A).

2. Find reason to believe the Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5.

3. Find reason to believe Frankland and Leinhard, Inc.; JLF Inc.; Marchuck, Wind, & Associates, Inc.; Anderson Information Management, Inc.; YCS Investment Inc.; Maxwell Technical Services, Inc.; Tally Ho Motor Inn, Inc.; the Gersten Companies, Inc. and the Monarch Group Inc. violated 2 U.S.C. § 441b(a).

4. Find reason to believe the Colorado Republican Federal Campaign Committee (Federal Account/Non-Federal Account) and Martha M. Ezzard, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a).

5. Find reason to believe Office Liquidators, Inc. violated 2 U.S.C. § 441b(a) and that Merchants Office Furniture violated 2 U.S.C. § 441b(a).

6. Find reason to believe Albert H. Gersten violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a).

7. Find reason to believe the Gersten Companies, Inc. violated 2 U.S.C. § 441b(a).

8. Find reason to believe the Volunteer Committee, and Michael Moore, as treasurer, violated 2 U.S.C. § 441b(a).

9. Approve the attached subpoenas, factual and legal analyses and appropriate letters.

10/3/90
Date

Lawrence M. Noble
General Counsel

Attachments
1. Audit Referral
2. Excessive Contributions Noted In Section B
3. Corporate Contributions Noted In Section C
4. Factual and Legal Analysis (Committee)
5. Sample Factual and Legal Analysis (Corporations Noted Only In Section C)
6. Sample Factual and Legal Analysis (Corporations Noted In Both Sections C and G)
7. Factual and Legal Analysis (DCCC)
8. Factual and Legal Analysis (State Party)
9. Factual and Legal Analysis (Office Liquidators)
10. Factual and Legal Analysis (Merchant's Office Furniture)
11. Factual and Legal Analysis (Gersten and Gersten Companies)
12. Factual and Legal Analysis (Volunteer Committee)
13. Subpoenas (2)

Staff person: Patty Reilly

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FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DELORES HARRIS DH
COMMISSION SECRETARY

DATE: OCTOBER 9, 1990

SUBJECT: MUR 3020 - FIRST GENERAL COUNSEL'S REPORT DATED OCTOBER 3, 1990.

The above-captioned document was circulated to the Commission on Thursday, October 4, 1990 at 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	
Commissioner Josefiak	XXX
Commissioner McDonald	XXX
Commissioner McGarry	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for TUESDAY, OCTOBER 16, 1990.

Please notify us who will represent your Division before the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 3020
Friends of Gary Hart and Stephen Alfers as treasurer;	)	
Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer;	)	
Colorado Democratic Campaign Committee (Federal Account/Non-Federal Account) and Martha M. Ezzard, as treasurer;	)	
Office Liquidators, Inc.;	)	
Merchant's Office Furniture, Inc.;	)	
Albert Gersten, Jr.;	)	
The Gersten Companies, Inc.;	)	
The Volunteer Committee and Michael Moore, as treasurer;	)	
Frankland & Leinhard, Inc.;	)	
JLF Inc.;	)	
Marchuck, Wind, & Associates, Inc.;	)	
Anderson Information Management, Inc.;	)	
YCS Investment Inc.;	)	
Maxwell Technical Services, Inc.;	)	
Tally Ho Motor Inn, Inc.;	)	
Monarch Group, Inc.;	)	
Stratton and Associates, Inc.;	)	
Michael Stratton.	)	

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on October 16, 1990, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 3020:

1. Find reason to believe the Friends of Gary Hart and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A), but take no further action as to the allegations involving the sale of the belt buckles.

2. Find reason to believe the Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5, but take no further action with respect to the allegations involving the sale of the belt buckles.

3. Find reason to believe Frankland and Leinhard, Inc.; YCS Investment Inc.; Tally Ho Motor Inn, Inc; the Gersten Companies, Inc.; and the Monarch Group Inc. violated 2 U.S.C. § 441b(a).

4. Find reason to believe the Colorado Democratic Federal Campaign Committee (Federal Account/Non-Federal Account) and Martha M. Ezzard, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. §102.5(a).

5. Find reason to believe Office Liquidators, Inc. violated 2 U.S.C. § 441b(a) and that Merchants Office Furniture violated 2 U.S.C 441b(a).

6. Find reason to believe Albert H. Gersten violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a).

(continued)

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7. Find reason to believe the Gersten Companies, Inc. violated 2 U.S.C. § 441b(a).

8. Find reason to believe the Volunteer Committee, and Michael Moore, as treasurer, violated 2 U.S.C. 441b(a).

9. Approve the subpoenas attached to the General Counsel's report dated October 3, 1990, and appropriate factual and legal analyses and appropriate letters, pursuant to the actions noted above and the meeting discussion.

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

Attest:

10-18-90
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

Friends of Gary Hart
Stephen D. Alfers, Treasurer
370 17th Street, Suite 4700
Denver, CO 80201

RE: MUR 3020

Dear Mr. Alfers:

On October 16, 1990, the Federal Election Commission found that there is reason to believe Friends of Gary Hart ("Committee") and you, as treasurer, violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). On the same date, the Commission also found reason to believe the Committee, and you as treasurer, violated 2 U.S.C. § 441b(a) concerning the sale of belt buckles to the Democratic Congressional Campaign Committee. However, in view of the circumstances regarding that transaction, the Commission determined to take no further action involving that specific violation. The Factual and Legal Analysis, which formed a basis for the Commission's findings, 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. § 111.18(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

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Friends of Gary Hart and Stephen Alfers, as treasurer) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee"), may have violated violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A). These possible violations arose from a referral from the Audit Division to the Office of the General Counsel of the Committee as the 1988 authorized committee of presidential candidate Gary Hart ("the Candidate").

II. FACTUAL AND LEGAL ANALYSIS

A. SALE OF FUNDRAISING ASSETS

The first item referred addresses the Committee's sale of fundraising assets. In March, 1987 the Committee received a contribution of fifty belt buckles intended for fundraising purposes.[1] Subsequently, after the Candidate withdrew from the race for the first time in May, 1987, the Committee contracted to sell the belt buckles to the Democratic Congressional Campaign Committee ("DCCC") for $40,000. The DCCC apparently intended to sell the belt buckles. In November and December, 1987, the DCCC

1. The donor and his spouse contributed the costs of these materials, assessed at $2,500. The Committee refunded $500 to these contributors because the assessed amount exceeded their combined contribution limitation.

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made two $10,000 payments towards the total purchase price from its Non-Federal Account. A dispute arose between the parties when the Candidate re-entered the presidential race. Alleging a breach of contract and diminished resale value of the belt buckles, the DCCC returned twenty-five of the belt buckles and refused to make further payments.

The interim audit report recommended that the Committee demonstrate that the amount received from the DCCC was not a prohibited contribution, or issue a refund. Subsequently, the DCCC returned the outstanding items and the Committee repaid the $20,000, less an adjustment for one missing belt buckle.[2]

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions in connection with a federal election. Corporations are prohibited from making such contributions. Id. A contribution is defined to include any gift, subscription, loan, advance, or anything of value made in connection with a federal election. See 2 U.S.C. §441b(b)(2).

Political committees conducting both federal and non-federal activities have two options to ensure that non-permissible funds are not used in connection with federal elections. See 11 C.F.R. § 102.5. A committee may establish a separate account containing only permissible funds and conduct federal activity out of this account. See 11 C.F.R. § 102.5(a)(1)(i). Alternatively, committees may conduct both federal and non-federal activity out of a political committee accepting only funds subject to the Act's

2. The Committee recently received an advisory opinion regarding its disposal of the belt buckles. See A.O. 1990-11.

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prohibitions and limitations. See 11 C.F.R. § 102.5(a)(1)(ii).

Publicly funded candidates may sell fundraising assets prior to the end of the matching payment period subject to the Act's prohibitions and limitations. 11 C.F.R. § 9034.9(a). The matching payment in this matter is from January 1, 1988 through July 20, 1988.[3]

In the instant case, the Committee accepted funds from the DCCC's non-federal account that may have contained prohibited funds. Notwithstanding the existence of the contract between the parties, the sale of a fundraising asset by a political committee constitutes a contribution as to the entire purchase price. See A.O. 1979-76. Consequently, there is reason to believe the Committee violated 2 U.S.C. § 441b(a). The Commission determined to take no further action as to this possible violation.

B. RECEIPT OF EXCESSIVE CONTRIBUTIONS

The audit referral also includes excessive contributions made to the Committee. At the interim audit stage, the auditors concluded that the Committee accepted $40,263.36 in excessive contributions, dividing the excessives into three categories. These were: 1) contributions not refunded in a timely manner, 2) contributions said to be reattributed to another contributor, and 3) other contributions.

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3. The Commission's Regulations also permit a publicly financed candidate with outstanding debts exceeding cash on hand to dispose of fundraising assets after the end of the matching payment period without regard to the Act's prohibitions and limitations. 11 C.F.R. § 9034.9(b). Given the Candidate's re-entry into the presidential race in December 1987, this transaction is properly analyzed under 11 C.F.R. § 9034.9(a).

The Act limits persons to contributing $1,000 per election to an authorized committee of a candidate. 2 U.S.C. § 441a(a)(1)(A). Contributions that are facially excessive or are excessive when aggregated with other contributions from the same contributor may either be deposited into a campaign depository or returned to the contributor. See 11 C.F.R. § 103.3(b)(3). If placed in the campaign depository, the treasurer of the committee may then request redesignation or reattibution of the contribution. In the event this does not occur, the treasurer shall refund the excessive portion of the contribution within sixty days.[4]

Regarding the first set of contributions, the interim audit determined the Committee refunded $6,141.25 in excessive contributions between 94 and 324 days from the date of deposit. Two arguments were raised by the Committee as a result of the interim audit. First, the Committee argues that funds intended for contribution refunds were unavailable because a $100,000 certificate of deposit was garnished by creditors of the 1984 Gary Hart Committee. The certificate of deposit was unavailable to the Committee from the May 8, 1987 garnishment until these funds were returned to the Committee on January 28, 1988. The Committee asserts that the time period during which the funds were garnished should be excluded from calculating the excessives. Under this analysis, eight of the excessive contributions totaling $4,750

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4. This matter cites Regulations that became effective on April 8, 1987. Prior to that date, a committee was required to acquire redesignations and reattributions, or to make refunds within a reasonable period of time. For the purposes of these excessive contributions received prior to the effective date of the new Regulations, a sixty day period is also used.

would be considered refunded on a timely basis. Because the Committee nevertheless had sufficient cash on hand during this period to refund the contributions in question, this Office is not persuaded by this argument.

The Committee also challenged the interim audit report's effective date of the Committee's receipt of certain in-kind contributions. These contributions arose out of a July 1986 meeting of the Volunteer Committee.[5] Because the Committee later determined that this event should be reported (in part) as testing the waters, the Committee argues that date of its decision to so classify these contributions (March 9, 1987), should be used as the effective date of the contributions. The use of the latter day would require that refunds of certain contributions were timely.

The Commission is unpersuaded that the effective date of the contributions should be in March 1987 when the Committee "recognized" their existence. The Commission's Regulations at the time stated the effective date of receipt was the date the committee, treasurer, his or representative or intermediary obtains possession of the contribution. Consequently, the Committee received these contributions in July, 1986 and thus, they were not refunded in a timely manner. A list of these

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5. The Volunteer Committee is further discussed at Section G. The June 1986 meeting included discussions of Senator Hart's proposed presidential bid, and thus were considered to be testing the waters activity.

Materials received in MUR 2583 indicate that the Hart Committee may have considered this to be testing the waters activity in December, 1986.

contributions is attached.

The second set of excessive contributions looks to those where the excessive portions were attributed to other contributors without required documentation. In the interim audit report, the auditors noted 23 such excessive contributions totaling $18,107.11 that were attributed to individuals other than the contributor. Based upon evidence submitted by the Committee, this figure was reduced to $9,357.11.[6]

As previously noted, persons are limited to contributing $1,000 per election to an authorized committee of a candidate, 2 U.S.C. § 441a(a)(1)(A), and political committees are prohibited from accepting contributions exceeding the Act's limitations. 2 U.S.C. § 441a(f). The Commission's Regulations provide that any contribution made by more than one person (except a partnership contribution) shall include the signature of each contributor on the check, money order, or other negotiable instrument, or on a separate writing. See 11 C.F.R. § 110.1(k)(1) and (3). The Regulations also permit reattribution of contributions. A contribution is considered reattributed where the treasurer of a political committee asks the contributor whether the contribution is intended to be a joint contribution from more than one person; and the treasurer informs the contributor that he or she may

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6. This adjustment was the result of the Committee's production of sworn affidavits regarding the dates of certain reattribution letters said to have been lost by the Committee. For two contributions seized by the United States Marshals, the auditors revised the number of days such contributions were outstanding to exclude the time contributor information was unavailable to the Committee.

request the return of the excessive portion of the contribution if it is not intended to be a joint contribution; and within sixty days from the treasurer's receipt of the contribution, the contributors provide the treasurer with a written reattribution indicating the amount to be attributed to each contributor in the event equal attribution is not intended. 11 C.F.R. § 110.1(k)(3)(ii). The treasurer is required to maintain such reattributions. 11 C.F.R. § 110.1(l).

In the instant case, the Committee failed to meet the Regulations' requirements. Thus, the contributions in question were not reattributed timely. A list of these contributions is attached.

The third set of excessive contributions are others noted in the interim audit report, totaling $16,015 from 25 contributors. Based upon information submitted after the interim audit report, this figure has been adjusted to $7,940. A list of excessive contributions is attached.

As illustrated above, the Committee has accepted excessive contributions. Therefore, there is reason to believe respondents violated 2 U.S.C. § 441a(f).

C. RECEIPT OF CORPORATE CONTRIBUTIONS

The auditors determined that the Committee accepted 12 corporate contributions totaling $3,325. Additionally, the Committee reported 3 in-kind corporate contributions totaling

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$1,275.[7] (See attached schedule.)

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions in connection with a federal election. Political committees are prohibited from knowingly accepting corporate contributions. Id.

In its response to the interim audit, the Committee merely stated it attempted to identify and return corporate contributions as they were received. The Committee also argues that it should not be responsible for the in-kind corporate contributions because the checks in question were not made payable to the Committee. Because neither aspect of the response obviates the violation, there is reason to believe respondents violated 2 U.S.C. § 441b(a).

D. EXCESSIVE CONTRIBUTIONS FROM THE COLORADO DEMOCRATIC PARTY

The interim audit noted that the Committee accepted apparent excessive in-kind contributions from the state account of the Colorado Democratic Federal Campaign Committee. These contributions were primarily for rent and telephone costs. Based upon the response to the interim audit report, it appears these excessives totaled $32,180. To date, the Committee has reported a $5,000 in-kind contribution and reimbursed all but $5,000 of the excessive contributions.

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7. These latter contributions involved in-kind contributions made to the Volunteer Committee that were then allocated to the Hart Committee as testing the waters activity. The checks in question were made payable to and deposited into the account of Stratton & Associates. These contributions are further discussed at Section G.

The auditors had initially determined that these contributions were excessive. Additional information, however, reveals that the contributions were drawn on the State Party's non-federal account. Colorado state law permits contributions that would be prohibited under the Act. Consequently, there is reason to believe respondents violated section 441b(a).

E. IN-KIND CORPORATE CONTRIBUTIONS OF FURNITURE

The final audit report noted two transactions regarding contributions of furniture. The Committee initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. When the interim audit report questioned this transaction, the Committee responded that the furniture in question was owned by Office Liquidators Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators this latter amount on February 22, 1989.

The second transaction involves a possible in-kind contribution from Merchant's Office Furniture, Inc. In their review of the Committee's expenditures, the Audit staff found a handwritten note on an invoice from this company indicating that Merchant's had provided "free desks, cabinets, etc.," to the Committee. Based upon this notation, the interim audit report questioned this transaction. The Committee then produced a letter from the corporation's vice president stating he was unable to

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find a record of a donation to the Committee, but adding the Company sometimes sets aside some of its "used non-inventoried furniture" as trash or for donation to non-profit agencies. Thus, the circumstances of this possible in-kind contribution are unclear.

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions. A corporate contribution is defined to include any direct or indirect payment or anything of value made in connection with a federal election. 2 U.S.C. § 441b(b)(2). The Act requires political committees to report the identification of each person making a contribution to the committee exceeding $200. 2 U.S.C. § 434(b)(3)(A).

In light of the foregoing, it appears that the Committee accepted corporate contributions in the form of furniture. Additionally, regarding the second contribution, because the Committee's own documents indicates it received "free goods" from Merchants Office Furniture, there is sufficient information to meet the threshold for a reason to believe determination. Accordingly, there is reason to believe the Committee and its treasurer violated 2 U.S.C. §§ 441b(a) and 434(b)(3)(A).

F. Contributions by Albert H. Gersten, Jr.

The interim audit report noted two sets of possible excessive in-kind contributions from Albert H. Gersten, Jr.[8] The first set concerns equipment purchased by Mr. Gersten for the Committee's use. The Committee's records included a February 9, 1988 letter

8. Mr. Gersten also made the maximum permitted contribution to the Committee on February 20, 1987.

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from this individual requesting reimbursement for $9,442.88 in goods, equipment, and services purchased in January and February 1988. These included office equipment ($7,887.70), campaign buttons ($1,140.80) and transportation costs ($415). A second letter dated February 26, 1988, requested an additional $92.03 for cellular phone service, thus bringing the total of these advances to $9,534.91. Mr. Gersten paid for some of these items using personal checks ($3,621) and used a credit card for others ($1,496 and $415 for travel). The auditors could not locate any documentation regarding the sources used to pay for two FAX machines ($2,770.70) and the campaign buttons. In several instances Mr. Gersten used his business tax exempt status and his business address when purchasing these items. Following a request for repayment, the Committee paid Mr. Gersten $3,000 on May 10, 1988.

The auditors obtained a May 25, 1988 internal memorandum of the Committee acknowledging the advances made by Mr. Gersten and discussing repayment alternatives.[9] The memo disclosed an agreement between the parties whereby the Committee would return some of the equipment, paying 25% of the purchase price as a rental fee (a $2,317.02 credit). Thus, the Committee calculated the debt total as $3,710.86 ([$9,027.88 - $3,000] - $2,317.02). The Committee paid Mr. Gersten this amount on June 17, 1988.

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9. The initial request for reimbursement was for $9,442.88 because the Committee did not include the $415 for travel expenses, and thus considered the debt to be $9,027.88. As noted, the reimbursement for the cellular phone was made separately.

Additionally, Mr. Gersten apparently provided other goods and services to the Committee. On April 21 and May 7, 1987 the Committee made two $11,555.72 payments repaying certain debts. One payment was to the Gersten Companies, Inc.; the other was to Mr. Gersten personally. The Committee reported the purposes of these disbursements as entertainment services, personnel expenses, space rental, printing and duplication, postage and delivery, and food and beverages. The Committee's disclosure reports, however, listed both disbursements as made to Mr. Gersten.

These disbursements were further explained in a September 20, 1988 letter from the Committee explaining that Gersten Companies, Inc. paid $23,111.44 in expenses for a January 29, 1987, dinner honoring Senator Hart. The Corporation paid these expenses between November 11, 1986 and February 29, 1987 using twenty-two separate checks drawn on the "Special Projects" account of the Gersten Companies, Inc. Also provided were copies of the Committee's reimbursement checks. One was dated April 21, 1987, and was payable to the previously noted Special Projects account. The other was a cashier's check dated May 7, 1987, and payable to Mr. Gersten personally.

The interim audit report noted that these appeared to be excessive or prohibited contributions. The Committee's response acknowledged that some of these payments may have been made from corporate funds, but has not made any other response.

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions. An officer or director of a corporation is prohibited from consenting to a

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corporate contribution. Id. A corporate contribution is defined to include any direct or indirect payment or anything of value made in connection with a federal election. 2 U.S.C. § 441b(b)(2). The Act also limits individuals to contributing $1,000 per election to an authorized committee of a candidate. 2 U.S.C. § 441a(a)(1)(A). Moreover, political committees are prohibited from accepting contributions exceeding the Act's limitations. 2 U.S.C. § 441a(f). Political committees are also required to submit reports to the Commission reporting the name and address of each person to whom an expenditure of more than $200 is made. 2 U.S.C. § 434(b)(5)(A). Additionally, political committees are required to report and itemize contributions exceeding $200. 2 U.S.C. § 434(b)(3)(A).

As discussed above, it appears that the Committee accepted contributions from Albert H. Gersten and the Gersten Companies, Inc. These contributions were apparently composed of corporate funds and personal funds. Additionally, although the reimbursements were reported as made to Mr. Gersten, in some cases the Gersten Companies Inc. was the actual payee. Thus, there is reason to believe the Committee violated 2 U.S.C. §§ 441b(a), 441a(f) and 434(b)(5)(A).

G. ACTIVITIES OF THE VOLUNTEER COMMITTEE

This section addresses the activities of "the Volunteer Committee", a federal political committee formed in February, 1986, whose Statement of Organization indicated its purpose as to promote volunteer involvement of individuals in the Democratic Party, and to contribute to candidate committees.

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The Volunteer Committee held a meeting in Denver, Colorado in July, 1986, purportedly to advise candidates regarding available assistance in the 1986 election year. The final audit report indicates that the Volunteer Committee poses two distinct legal problems regarding the Hart Committee. The first issue looks to allocation between the Volunteer Committee and the Hart Committee. The second issue concerns the possibility of prohibited contributions made to the Volunteer Committee that reached the Hart Committee.

1. Allocation Problems

The July 1986 meeting was funded by direct and in-kind contributions from corporations and individuals. The Committee determined that 25% of the expenses from this meeting should be allocated to the Hart Committee. The basis of this determination was that this meeting included conversations and discussions regarding Senator Hart's presidential bid. The Committee reported a total of $2,600 in in-kind contributions from six individuals for food and beverages relating to this gathering. The Committee provided no documentation to support this allocation and the interim audit report challenged the basis of this attribution.

The Committee's response to the interim audit stated that the 25% allocation represented "generously the extent of the test-the-waters activity" occurring at this meeting. Material provided appears to indicate, however, that this meeting devoted extensive discussion to the Candidate's presidential bid. No findings are made at this time regarding this issue.

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2. Apparent Prohibited Contributions

Not all expenses of the Volunteer Committee were paid for by that entity. Rather, the entity previously noted as having acted on behalf of the Volunteer Committee, Stratton & Associates, paid for some expenses. Participating entities then paid attendance fees directly to Stratton & Associates. Additionally, the auditors determined that corporate funds were the source of other contributions.[10] In light of these circumstances, there is reason to believe the Committee violated 2 U.S.C. § 441b(a) by its receipt of these corporate funds.

Attachments
List of Excessive Contributions
List of Corporate Contributions

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10. These corporations are Tally Ho [Motor] Inn ($1,600), the Gersten Companies ($2,500) and the Monarch Group, Inc. ($1,000).

Failure to Refund in a Timely Manner

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution (a)	Date of Deposit (b)	Excessive Portion (c)	Date Refunded (d)	# of Days Elapsed per Audit [compare (b) & (d)] (e)	# of Days Elapsed per Committee (f)	Revised Excessive Exception Amount
1. Bhaumik, M. L.	$ 150.00	02/24/87					
	1,000.00	04/21/87	$ 150.00	02/12/88	297	32*/	$ 150.00
2. Boies, David	1,000.00	03/04/87					
	1,000.00	05/08/87	1,000.00	02/18/88	286	21*/	1,000.00
3. Carlson, Don W.	1,500.00	12/30/86 1/					
	500.00	01/26/87 1/					
	500.00	07/01/86 2/	500.00	05/07/87	101	59#/	500.00
4. Guzik, Diane F.	1,000.00	03/09/87					
	1,000.00	05/08/87	1,000.00	02/12/88	280	15*/	1,000.00
5. Karl, Stuart	200.00	07/01/86 2/					
	750.00	12/03/86					
	250.00	01/20/87	200.00	05/07/87	131	59#/	200.00
6. Miller, David	6.25	07/11/86 2/					
	750.00	12/11/86					
	250.00	01/06/87 2/	6.25	05/02/87	116	54#/	6.25
	25.00	06/05/87 3/					

*/ Compare (b) & (d) excluding period from 5/8/87 to 1/28/88.

#/ Calculated by Committee by assuming March 9, 1987 as the effective date that the donor's contribution to the Volunteer Committee was attributed to FOGH.

1/ These $500.00 contributions were split by the Committee to Barbara B. Carlson ($750 and $250). As no documentation was located for the reattribution, these amounts appear in this attachment as an excessive contribution under the schedule of Undocumented Reattributions.

2/ In-kind contribution, date of donation given rather than date of deposit.

3/ No action appeared to have been taken on the $25.00 excessive portion of Mr. Miller's contribution, see the Failure to Act schedule of this attachment for disposition.

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Failure to Refund in a Timely Manner

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution (a)	Date of Deposit (b)	Excessive Portion (c)	Date Refunded (d)	# of Days Elapsed per Audit [compare (b) & (d)] (e)	# of Days Elapsed per Committee (f)	Revised Excessive Exception Amount
7. Opsahl, Denis J.	$1,000.00 1,000.00	01/16/87 04/06/87 4/	$ 250.00	02/22/88	322	57 */	$ 250.00
8. Partridge, Kathryn B.	1,000.00 1,000.00 1,000.00	04/13/87 05/19/87 02/05/88 5/	1,000.00	02/12/88 03/10/88	269	15 */	1,000.00
9. Stein, David F.	250.00 750.00 250.00	07/01/86 2/ 12/18/86 02/02/87	[This contribution is discussed at Exhibit C as it represents corporate funds]				-0-
10. Straus, R. Peter	100.00 1,000.00	04/10/87 04/29/87	100.00	02/12/88	289	24 */	100.00
11. Torell, Eryen	400.00 750.00 250.00	07/01/86 2/ 12/18/86 01/05/87	[This contribution is discussed at Exhibit C as it represents corporate funds]				
12. Welch, Ellen C.	250.00 1,000.00	01/12/87 03/25/87	250.00	02/12/88	324	59 */	250.00
13. Winnick, Karen B.	1,000.00 1,000.00	01/02/87 04/14/87	1,000.00	01/22/88	314	24 */	1,000.00
14. Wong Company	1,000.00 35.00	02/25/87 02/25/87	35.00	06/24/87	119	N/A	35.00
						TOTAL	$5,491.25

4/ Based upon the Committee's response to the interim report, $750.00 was reattributed by the Committee with no documentation as of the close of fieldwork. Revisions have been made to page 4 (item 16), and page 7 (item 16).

5/ This portion of total contributions was refunded in a timely manner and is therefore not excessive.

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Undocumented Reattributions

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution	Date of Deposit	Excessive Portion[a/]	Amount Reattributed by Committee	Initial Reattribution Date[b/]	Confirmation Date[c/]	# of Days Elapsed[d/]	Revised Excessive Exception Amount
8. Chang, Judy	1,000.00 757.11	02/25/87 02/25/87	757.11[g/]	[refunded 3/15/89]				$ 757.11
9. Field, Sally	2,000.00	04/13/87	1,000.00	[refunded 3/15/89]				1,000.00
10. Gerber, David	2,000.00	04/13/87	1,000.00	$1,000.00	05/07/87	08/30/88	24	-0-
11. Hilbert, Marquis D.	2,000.00	06/16/87	1,000.00	1,000.00	07/19/87	08/15/88	11	-0-
12. Hobbs, John H.	2,000.00	05/08/87	1,000.00	1,000.00	05/20/87	08/26/88	12	-0-
13. Grand-Jean, Richard	2,000.00	05/14/87	1,000.00[g/]	1,000.00	09/17/87	08/18/88	126	1,000.00
14. Kurtz, Jerome	$2,000.00	04/13/87	$ 1,000.00	1,000.00	05/07/87	08/29/88	24	-0-
15. Lowinger, Cynthia Miller	1,500.00 500.00	12/11/86 01/06/87	500.00 500.00	750.00 -	05/07/87 -	09/05/88 -	147 -	500.00 500.00[f/]
16. Opsahl, Denis J.	1,000.00 1,000.00	01/16/87[g/] 04/06/87	250.00	750.00	05/07/87	None	-	750.00[g/]

[g/] $250.00 was refunded on 02/22/88 in an untimely manner (see page 2, item 7).

[f/] As the record now stands, $1,250 Cynthia Miller Lowinger, $750 Michael H. Lowinger; a refund of $250 is due Cynthia.

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Failure to Act on Excessive Contributions

Friends of Gary Hart - 1988, Inc.

Name	Amount of Contribution	Date of Deposit	Excessive Portion[a/]	Amount Reattributed by Committee	Initial Reattribution Date[b/]	Confirmation Date[c/]	# of Days Elapsed[d/]	Amount of Refund	Date of Refund	Revised Excessive Exception Amount
1. Ayers, Phil	$1,250.00	02/25/87	$ 250.00	$ 625.00	01/14/88	08/19/88	323	-	-	$ 250.00
2. Bankhead, Porter L.	2,000.00	04/22/87	1,000.00	1,000.00	05/20/87	None	-	-	-	1,000.00
3. Chun, Young Sung	1,250.00	02/02/87	250.00	(No additional information provided in response)						250.00
4. Pensterwald, Bernard Jr.	1,000.00 250.00	01/20/87 04/14/87	250.00	250.00	07/24/87	None	-	-		250.00
5. Feurzig, Charles	2,000.00	03/03/87	1,000.00	1,000.00	04/01/87	08/22/88	29	-	-	-0-
6. Goodman, Walter	2,000.00	05/01/87	1,000.00	1,000.00	05/20/87	08/15/88	19	-	-	-0-
7. Gourly, Steven	250.00 500.00 500.00	02/18/87 04/21/87 04/21/87	250.00	-	-	-	-	250.00	06/23/87 (63 days)	-0-
9. Holmes, Charles S.	1,000.00 1,000.00	03/09/87 05/08/87	1,000.00	1,000.00	07/19/87	08/15/88	72	-	-	-0-
9. Karlin, Robert	1,250.00	02/20/87	250.00	(No additional information provided in response)						250.00
10. Lewis, Reginald F.	2,000.00	05/08/87	1,000.00	1,000.00	07/19/87	None	-	-	-	1,000.00

a/ The amounts labeled # indicate inadequate documentation; for the remainder, no documentation from the contributor/reattributee was made available during fieldwork.

b/ The date, according to the Committee, information regarding the initial reattribution letter was added to the Committee's computer files.

c/ The date of signed affidavit from the contributor confirming the initial reattribution date.

d/ Calculated by comparing the date of deposit to the initial reattribution date as confirmed by contributor.

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Name	Amount of Contribution	Date of Deposit	Excessive Portion[a]	Amount Reattributed by Committee	Initial Reattribution Date[b]	Confirmation Date[c]	# of Days Elapsed[d]	Amount of Refund	Date of Refund	Revised Excessive Exception Amount
18. Rogers, Robert A.	50.00 1,000.00	09/05/87 02/28/88[1]	50.00	50.00[5]	05/20/87	08/19/88	15	-	-	-0-
19. Ross, Arthur	2,000.00	04/21/87	1,000.00	1,000.00	05/07/87	08/31/88	16	-	-	-
Alverde-Sanchez, Laura	$2,000.00	09/18/87 (04/27/88)	$1,000.00	$1,000.00	06/21/88	None	55 (4/27/88-6/21/88)	-	-	$1,000.00[7]
21. Thomas, V. Marc	1,000.00 1,000.00	04/14/87 04/17/87	1,000.00	1,000.00	02/21/88	08/19/88	310	-	-	1,000.00
22. Trattler, Larry	3,000.00	01/14/87	2,000.00	-	-	-	-	2,000.00	3/23/87 (68 days)	2,000.00
23. VanSickle, John B.	250.00 1,000.00	01/26/87 05/07/87	250.00	(Actual amount of check is only $100 and it was returned by bank as unpaid)						-0-
24. Weinstein, Richard S.	1,500.00	04/28/87	500.00	750.00	05/20/87	None	-	-	-	500.00
25. Williams, David	2,000.00 250.00	01/05/87[6] 01/16/87	250.00	(No additional information provided in response)						250.00
								TOTAL		$7,940.00[8]

5/ Apparently the Committee sought and obtained a reattribution even though the contribution was not excessive at this point in time.

6/ $1,000 was refunded in a timely manner on 01/09/87.

7/ A copy of the reattribution letter was not provided, therefore the exception stands.

8/ Recap:

Documented Untimely Reattributions	$1,250.00
Untimely Refund	2,000.00
Undocumented Reattributions Effected	3,690.00
No Action taken (Chun, Karlin, Williams)	750.00
	$7,940.00

Prohibited Corporate Contributions made to Friends of Gary Hart - 1988, Inc.

Name	Date of Contribution	Amount	Date of Incorporation*/	Date of Refund Check
Frankland and Lienhard	02/02/87	$1,000	06/09/72	06/29/88
Jupiter Enterprises, Inc.	02/25/87	35	04/05/82	06/29/88
JLF, Inc.	03/17/87	250	03/08/82	06/29/88
Marchuck, Wind & Associates	03/27/87	250	03/03/81	06/29/88
Services Unlimited	03/30/87	50	11/06/74	06/29/88
Anderson Information Management	04/22/87	250	03/26/85	06/29/88
YCS Investment	04/22/87	1,000	05/06/85	06/29/88
Maxwell Technical Services	04/29/87	250	03/16/87	06/29/88
Tom Lynch Construction	12/29/87	20	04/01/87	06/29/88
Galveston Islanders Inc.	01/11/88	100	02/11/81	06/29/88
Crouse Cafe	01/22/88	100	03/13/86	06/29/88
Lanco Services	02/18/88	20	08/07/80	06/29/88
Tally Ho Motor Inn (in-kind)	06/03/86***/	400	09/26/84	03/25/87**/

*/ The date of incorporation was obtained from the appropriate Secretary of State.

**/ Refund checks issued by Stratton & Associates. It should be noted that on 5/7/87, the Committee issued refund checks in like amount to these individuals. The memo notation on the photocopies of checks i: the Audit staff's possession contain the notation "excess contributi refund."

***/ The dates shown represent the date of the check. The Committee reported receiving the in-kind contribution on July 1, 1986.

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Prohibited Corporate Contributions made to Friends of Gary Hart - 1988, Inc.

Name	Date of Contribution	Amount	Date of Incorporation*/	Date of Refund Check
The Gersten Companies (in-kind)	06/17/86***/	625	05/13/77	03/31/87**/
The Monarch Group, Inc. (in-kind)	07/23/86***/	250	01/27/86	03/24/87**/
Total		$4,600		

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

Mr. David Stein
The Monarch Group, Inc.
29982 Ivy Glen
Suite 100
Laguna Nigel, CA 92677

RE: MUR 3020

Dear Mr. Stein:

On October 16, 1990, the Federal Election Commission found that there is reason to believe The Monarch Group, Inc. violated 2 U.S.C. § 441b(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 The Monarch Group, Inc. 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 Monarch Group, Inc., 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.

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: The Monarch Group, Inc.)
) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the above-captioned respondent may have violated 2 U.S.C. § 441b(a). The basis of this possible violation is the respondent's interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

ACTIVITIES OF THE VOLUNTEER COMMITTEE

This section addresses the activities of "the Volunteer Committee", a federal political committee formed in February, 1986, whose Statement of Organization indicated its purpose as to promote volunteer involvement of individuals in the Democratic Party, and to contribute to candidate committees.

The Volunteer Committee held a meeting in Denver, Colorado in July, 1986, purportedly to advise candidates regarding available assistance in the 1986 election year.

1. Apparent Prohibited Contributions

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions in connection with a federal election. Political committees are prohibited from knowingly accepting corporate contributions. Id.

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Not all expenses of the Volunteer Committee were paid for by that entity. Rather, Stratton & Associates paid for some expenses. Participating entities then paid attendance fees directly to Stratton & Associates. Additionally, the auditors determined that corporate funds were the source of other contributions. The contribution in question was an in-kind contribution made to the Volunteer Committee that was then allocated to the Hart Committee as testing the waters activity. The check in question were made payable to and deposited into the account of Stratton & Associates.

The respondent made the following contribution to the Committee:

Date: July 24, 1990 Amount: $250

Thus, there is reason to believe respondent violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

Democratic Congressional
Campaign Committee
Richard M. Bates, Treasurer
430 South Capital Street
Washington, D.C. 20003

RE: MUR 3020

Dear Mr.Bates:

On October 16, 1990, the Federal Election Commission found that there is reason to believe the Democratic Congressional Campaign Committee ("Committee") and you, as treasurer, violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. § 102.5(a), a provision of the Commission's Regulations. However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to the Committee and you, as treasurer. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission reminds you that purchasing a political committee's fundraising assets constitutes a contribution. Also, making contributions to a federal committee with funds from a non-federal account appears to be a violation of 2 U.S.C. § 441b(a). You should take immediate steps to insure that this activity does not occur in the future.

The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any 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.

The confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under

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2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

If you have any questions, please direct them to Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis

24043604238

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer, ("the DCCC") may have violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5. The basis of this possible violation is the DCCC's interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

In March, 1987 the Committee received a contribution of fifty belt buckles intended for fundraising purposes. Subsequently, after the Candidate withdrew from the race for the first time in May, 1987, the Committee contracted to sell the belt buckles to the Democratic Congressional Campaign Committee ("DCCC") for $40,000. The DCCC apparently intended to sell the belt buckles. In November and December, 1987, the DCCC made two $10,000 payments towards the total purchase price from its Non-Federal Account. A dispute arose between the parties when the Candidate re-entered the presidential race. Alleging a breach of contract and diminished resale value of the belt buckles, the DCCC returned twenty-five of the belt buckles and refused to make further

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payments. Subsequently, the DCCC returned the outstanding items and the Committee repaid the $20,000, less an adjustment for one missing belt buckle.[1]

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions in connection with a federal election. Corporations are prohibited from making such contributions. Id. A contribution is defined to include any gift, subscription, loan, advance, or anything of value made in connection with a federal election. See 2 U.S.C. §441b(b)(2).

Political committees conducting both federal and non-federal activities have two options to ensure that non-permissible funds are not used in connection with federal elections. See 11 C.F.R. § 102.5. A committee may establish a separate account containing only permissible funds and conduct federal activity out of this account. See 11 C.F.R. § 102.5(a)(1)(i). Alternatively, committees may conduct both federal and non-federal activity out of a political committee accepting only funds subject to the Act's prohibitions and limitations. See 11 C.F.R. § 102.5(a)(1)(ii).

Publicly funded candidates may sell fundraising assets prior to the end of the matching payment period subject to the Act's prohibitions and limitations. 11 C.F.R. § 9034.9(a). The matching payment in this matter is from January 1, 1988 through

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1. The Committee recently received an advisory opinion regarding its disposal of the belt buckles. See A.O. 1990-11.

July 20, 1988.[2]

In the instant case, the Committee accepted funds from the DCCC's non-federal account that may have contained prohibited funds. Notwithstanding the existence of the contract between the parties, the sale of a fundraising asset by a political committee constitutes a contribution as to the entire purchase price. See A.O. 1979-76. Consequently, there is reason to believe the Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5. Under the circumstances in this matter, the Commission determined to take no further action as to this respondent.

2404360422 41

2. The Commission's Regulations also permit a publicly financed candidate with outstanding debts exceeding cash on hand to dispose of fundraising assets after the end of the matching payment period without regard to the Act's prohibitions and limitations. 11 C.F.R. § 9034.9(b). Given the Candidate's re-entry into the presidential race in December 1987, this transaction is properly analyzed under 11 C.F.R. § 9034.9(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

M. Myron Lepkaluk
D/B/A Frankland & Leinhard, Inc.
12800 S.W. 62nd Avenue
Miami, FL 33156

RE: MUR 3020

Dear Sir/Madam:

On October 16, 1990, the Federal Election Commission found that there is reason to believe Frankland & Leinhard, Inc. violated 2 U.S.C. § 441b(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 Frankland & Leinhard, Inc. 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 Frankland & Leinhard, Inc., 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.

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Frankland & Leinhard)
) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the above-captioned respondent may have violated 2 U.S.C. § 441b(a). The basis of this possible violation is the respondent's interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

ACTIVITIES OF THE VOLUNTEER COMMITTEE

This section addresses the activities of "the Volunteer Committee", a federal political committee formed in February, 1986, whose Statement of Organization indicated its purpose as to promote volunteer involvement of individuals in the Democratic Party, and to contribute to candidate committees.

The Volunteer Committee held a meeting in Denver, Colorado in July, 1986, purportedly to advise candidates regarding available assistance in the 1986 election year.

1. Apparent Prohibited Contributions

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions in connection with a federal election. Political committees are prohibited from knowingly accepting corporate contributions. Id.

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Not all expenses of the Volunteer Committee were paid for by that entity. Rather, Stratton & Associates paid for some expenses. Participating entities then paid attendance fees directly to Stratton & Associates. Additionally, the auditors determined that corporate funds were the source of other contributions. The contribution in question was an in-kind contribution made to the Volunteer Committee that was then allocated to the Hart Committee as testing the waters activity. The check in question were made payable to and deposited into the account of Stratton & Associates.

The respondent made the following contribution to the Committee:

Date: February 2, 1987 Amount: $1,000

Thus, there is reason to believe respondent violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

YCS Investments, Inc.
170 Maiden Lane, Suite 800
San Francisco, CA 94106

RE: MUR 3020

Dear Sir/Madam:

On October 16, 1990, the Federal Election Commission found that there is reason to believe YCS Investments, Inc. violated 2 U.S.C. § 441b(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 YCS Investments, Inc. 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 YCS Investments, Inc., 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.

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: YCS Investments, Inc.)
) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the above-captioned respondent may have violated 2 U.S.C. § 441b(a). The basis of this possible violation is the respondent's interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

ACTIVITIES OF THE VOLUNTEER COMMITTEE

This section addresses the activities of "the Volunteer Committee", a federal political committee formed in February, 1986, whose Statement of Organization indicated its purpose as to promote volunteer involvement of individuals in the Democratic Party, and to contribute to candidate committees.

The Volunteer Committee held a meeting in Denver, Colorado in July, 1986, purportedly to advise candidates regarding available assistance in the 1986 election year.

1. Apparent Prohibited Contributions

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions in connection with a federal election. Political committees are prohibited from knowingly accepting corporate contributions. Id.

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Not all expenses of the Volunteer Committee were paid for by that entity. Rather, Stratton & Associates paid for some expenses. Participating entities then paid attendance fees directly to Stratton & Associates. Additionally, the auditors determined that corporate funds were the source of other contributions. The contribution in question was an in-kind contribution made to the Volunteer Committee that was then allocated to the Hart Committee as testing the waters activity. The check in question were made payable to and deposited into the account of Stratton & Associates.

The respondent made the following contribution to the Committee:

Date: April 22, 1990 Amount: $1,000

Thus, there is reason to believe respondent violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

Mr. Ervin Torrell
Tally Ho Motor Inn, Inc.
74 Rockwood Court
San Francisco, CA 94127

RE: MUR 3020

Dear Mr. Torrell:

On October 16, 1990, the Federal Election Commission found that there is reason to believe Tally Ho Motor Inn, Inc. violated 2 U.S.C. § 441b(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 Tally Ho Motor Inn, Inc. 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 Tally Ho Motor Inn, Inc., 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.

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Tally Ho Motor Inn, Inc.) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the above-captioned respondent may have violated 2 U.S.C. § 441b(a). The basis of this possible violation is the respondent's interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

ACTIVITIES OF THE VOLUNTEER COMMITTEE

This section addresses the activities of "the Volunteer Committee", a federal political committee formed in February, 1986, whose Statement of Organization indicated its purpose as to promote volunteer involvement of individuals in the Democratic Party, and to contribute to candidate committees.

The Volunteer Committee held a meeting in Denver, Colorado in July, 1986, purportedly to advise candidates regarding available assistance in the 1986 election year.

1. Apparent Prohibited Contributions

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions in connection with a federal election. Political committees are prohibited from knowingly accepting corporate contributions. Id.

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Not all expenses of the Volunteer Committee were paid for by that entity. Rather, Stratton & Associates paid for some expenses. Participating entities then paid attendance fees directly to Stratton & Associates. Additionally, the auditors determined that corporate funds were the source of other contributions. The contribution in question was an in-kind contribution made to the Volunteer Committee that was then allocated to the Hart Committee as testing the waters activity. The check in question were made payable to and deposited into the account of Stratton & Associates.

The respondent made the following contribution to the Committee:

Date: June 3, 1986 Amount: $400

Thus, there is reason to believe respondent violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

Mr. Albert Gersten
The Gersten Companies, Inc.
9701 Wilshire Boulevard
Suite 1204
Beverly Hills, CA 90212

RE: MUR 3020
Albert Gersten
The Gersten Companies, Inc.

Dear Mr. Gersten:

On October 16, 1990, the Federal Election Commission found that there is reason to believe The Gersten Companies, Inc. violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). On the same date, the Commission also found reason to believe you violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a) also provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you and The Gersten Companies, Inc. 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 you and The Gersten Companies, Inc., 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

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Albert H. Gersten, Jr.)
Gersten Companies, Inc.) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the above-captioned respondents may have violated the Act. The basis of this possible violation is the respondents' interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

Contributions by Albert H. Gersten, Jr.

The Committee appears to have received two sets of possible excessive in-kind contributions from Albert H. Gersten, Jr.[1] The first set concerns equipment purchased by Mr. Gersten for the Committee's use. The Committee's records included a February 9, 1988 letter from this individual requesting reimbursement for $9,442.88 in goods, equipment, and services purchased in January and February 1988. These included office equipment ($7,887.70), campaign buttons ($1,140.80) and transportation costs ($415). A second letter dated February 26, 1988, requested an additional $92.03 for cellular phone service, thus bringing the total of these advances to $9,534.91. Mr. Gersten paid for some of these items using personal checks

1. Mr. Gersten also made the maximum permitted contribution to the Committee on February 20, 1987.

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($3,621) and used a credit card for others ($1,496 and $415 for travel). The auditors could not locate any documentation regarding the sources used to pay for two FAX machines ($2,770.70) and the campaign buttons. In several instances Mr. Gersten used his business tax exempt status and his business address when purchasing these items. Following a request for repayment, the Committee paid Mr. Gersten $3,000 on May 10, 1988.

The Commission's auditors obtained a May 25, 1988 internal memorandum of the Committee acknowledging the advances made by Mr. Gersten and discussing repayment alternatives.[2] The memo disclosed an agreement between the parties whereby the Committee would return some of the equipment, paying 25% of the purchase price as a rental fee (a $2,317.02 credit). Thus, the Committee calculated the debt total as $3,710.86 ([$9,027.88 - $3,000] - $2,317.02). The Committee paid Mr. Gersten this amount on June 17, 1988.

Additionally, Mr. Gersten apparently provided other goods and services to the Committee. On April 21 and May 7, 1987 the Committee made two $11,555.72 payments repaying certain debts. One payment was to the Gersten Companies, Inc.; the other was to Mr. Gersten personally. The Committee reported the purposes of these disbursements as entertainment services, personnel expenses, space rental, printing and duplication, postage and delivery, and

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2. The initial request for reimbursement was for $9,442.88 because the Committee did not include the $415 for travel expenses, and thus considered the debt to be $9,027.88. As noted, the reimbursement for the cellular phone was made separately.

food and beverages. The Committee's disclosure reports, however, listed both disbursements as made to Mr. Gersten.

These disbursements were further explained in a September 20, 1988 letter from the Committee explaining that Gersten Companies, Inc. paid $23,111.44 in expenses for a January 29, 1987, dinner honoring Senator Hart. The Corporation paid these expenses between November 11, 1986 and February 29, 1987 using twenty-two separate checks drawn on the "Special Projects" account of the Gersten Companies, Inc. Also provided were copies of the Committee's reimbursement checks. One was dated April 21, 1987, and was payable to the previously noted Special Projects account. The other was a cashier's check dated May 7, 1987, and payable to Mr. Gersten personally.

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions. An officer or director of a corporation is prohibited from consenting to a corporate contribution. Id. A corporate contribution is defined to include any direct or indirect payment or anything of value made in connection with a federal election. 2 U.S.C. § 441b(b)(2). The Act also limits individuals to contributing $1,000 per election to an authorized committee of a candidate. 2 U.S.C. § 441a(a)(1)(A).

As discussed above, it appears that Albert H. Gersten and the Gersten Companies made contributions to the Committee. These contributions were apparently composed of corporate funds and personal funds. It appears from the close relationship between Mr. Gersten and this company that he may be an officer or director

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of the Gersten Companies. Consequently, there is reason to believe Albert H. Gersten violated 2 U.S.C. §§ 441b(a) and 441a(a)(1)(A). Moreover, there is also reason to believe the Gersten Companies, Inc. violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

Colorado Democratic State
Central Committee (Federal Account/
Non-Federal Account)
Martha M. Ezzard, Treasurer
P.O. Box 300338
Denver, CO 80203

RE: MUR 3020

Dear Ms. Ezzard:

On October 16, 1990, the Federal Election Commission found that there is reason to believe the Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) ("Committee") and you, as treasurer, violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. § 102.5(a), a provision of the Commission's Regulations. The Factual and Legal Analysis, which formed a basis for the Commission's findings, 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. § 111.18(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.

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Martha M. Ezzard, as treasurer) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Martha M. Ezzard, as treasurer, may have violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a). The basis of these possible violations are the respondent's interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

EXCESSIVE CONTRIBUTIONS FROM THE COLORADO DEMOCRATIC PARTY

The interim audit noted that the Committee accepted apparent excessive in-kind contributions from the state account of the Colorado Democratic State Central Committee (Federal Account/Non-Federal Account). These contributions were primarily for rent and telephone costs. Based upon the response to the interim audit report, it appears these excessives totaled $32,180. To date, the Committee has reported a $5,000 in-kind contribution and reimbursed all but $5,000 of the excessive contributions.

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions in connection with a federal election. Corporations are prohibited from making

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such contributions. Id. A contribution is defined to include any gift, subscription, loan, advance, or anything of value made in connection with a federal election. See 2 U.S.C. §441b(b)(2).

Political committees conducting both federal and non-federal activities have two options to ensure that non-permissible funds are not used in connection with federal elections. See 11 C.F.R. § 102.5. A committee may establish a separate account containing only permissible funds and conduct federal activity out of this account. See 11 C.F.R. § 102.5(a)(1)(i). Alternatively, committees may conduct both federal and non-federal activity out of a political committee accepting only funds subject to the Act's prohibitions and limitations. See 11 C.F.R. § 102.5(a)(1)(ii).

The contributions in question were drawn on the State Party's non-federal account. Colorado state law permits contributions that would be prohibited under the Act. Consequently, there is reason to believe the Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Martha M. Ezzard, as treasurer, may have violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

Office Liquidators, Inc.
1841 W. Evans Avenue
Denver, CO 80223

RE: MUR 3020

Dear Sir/Madam:

On October 16, 1990, the Federal Election Commission found that there is reason to believe Office Liquidators, Inc. violated 2 U.S.C. § 441b(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 Office Liquidators, Inc. 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 Office Liquidators, Inc., 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.

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Office Liquidators, Inc.)
) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the above-captioned respondent may have violated the Act. The basis of this possible violation is the respondent's interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

IN-KIND CORPORATE CONTRIBUTIONS OF FURNITURE

The Committee initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. When the Commission questioned this transaction, the Committee responded that the furniture in question was owned by Office Liquidators Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators this latter amount on February 22, 1989.

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions. A corporate contribution is defined to include any direct or indirect payment

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or anything of value made in connection with a federal election. 2 U.S.C. § 441b(b)(2).

In light of the foregoing, it appears that the Committee accepted corporate contributions in the form of furniture. Accordingly, there is reason to believe the above-named respondent violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1990

Merchants Office Furniture, Inc.
2261 Broadway
Denver, CO 80205

RE: MUR 3020

Dear Sir/Madam:

On October 16, 1990, the Federal Election Commission found that there is reason to believe Merchants Office Furniture, Inc. violated 2 U.S.C. § 441b(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 Merchants Office Furniture, Inc. 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 Merchants Office Furniture, Inc., 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.

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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 Patty Reilly, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Merchants Office Furniture, Inc.)
) MUR 3020

I. GENERATION OF THE MATTER

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the above-captioned respondent may have violated the Act. The basis of this possible violation is the respondent's interaction with the Friends of Gary Hart and Stephen Alfers, as treasurer ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

IN-KIND CORPORATE CONTRIBUTIONS OF FURNITURE

In their review of the Committee's expenditures, the Audit staff found a handwritten note on an invoice from this company indicating that Merchants had provided "free desks, cabinets, etc.," to the Committee. The Committee then produced a letter from the corporation's vice president stating he was unable to find a record of a donation to the Committee, but adding the Company sometimes sets aside some of its "used non-inventoried furniture" as trash or for donation to non-profit agencies. Thus, the circumstances of this possible in-kind contribution are unclear.

Pursuant to 2 U.S.C. § 441b(a), political committees are prohibited from accepting corporate contributions. A corporate contribution is defined to include any direct or indirect payment

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or anything of value made in connection with a federal election. 2 U.S.C. § 441b(b)(2).

Because the Committee's own documents indicates it received "free goods" from Merchants Office Furniture, there is sufficient information to meet the threshold for a reason to believe determination. Accordingly, there is reason to believe the above-named respondent violated 2 U.S.C. § 441b(a).

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90 DEC 11 AM 7:20

Tally Ho inn

MR 3020

Monte Verde at Sixth • Carmel-By-The-Sea

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 DEC 11 AM 9:37

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Federal Election Commission
Washington D. C. 20463

Dear Ms. Lee Ann Elliott, Chairman:

Thank you for your letter of November 27, 1990. I did indeed support the Hart Volunteer exploratory Committee in the summer of 1986. Tally Ho Inn, is not The Tally Ho Motor Inn, Inc, that you refer to in your letter to me. The check was drawn on my little 14 Unit Bed and Breakfast in Carmel, which is solely owned by myself and my wife and is not and has never been incorporated. Because of the smallness of my business, we only had one checking account for both business and personal uses. Stratton and Associates at first accepted the check, but it was later refunded to us, because it was on a business account. We opened a private account later so that we could support a candidate of our choice and not encounter this problem. Since your organization has a copy of our check to the Volunteer Committee, I am sure that they also have a copy of the refund check from Stratton and Associates. If we can be of any further assistence please advise.

Respectfully

Erven Torell

SIGNATURE GUARANTEED
First Interstate Bank
OF CALIFORNIA
CARMEL OFFICE.
Dawn Pinehart
Authorized Officer

Erven Torell
Owner and Manager
Tally Ho Inn
P. O. Box 3726
Carmel, CA 93921
CNL Y0973942

P.O. Box 3726 • Carmel, CA 93921 • (408) 624-2232 FAX (408) 624-2661

TOTAL P.02

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3020

NAME OF COUNSEL: Richard W. Daily and Elizabeth J. Lentini

ADDRESS: 370 17th Street, Suite 4700
Denver, CO 80202

TELEPHONE: 303/892-9400

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.

DEMOCRATIC STATE CENTRAL COMMITTEE, by and through its Chairman, L. Richard Freese

12/10/90
Date

Signature L. Richard Freese, Chairman
Democratic State Central Committee

RESPONDENT'S NAME: Democratic State Central Committee

ADDRESS: 1600 Downing
6th Floor
Denver, CO 80218

HOME PHONE:

BUSINESS PHONE: 303/830-8989

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CARLSMITH BALL WICHMAN MURRAY CASE MUKAI & ICHIKI

ATTORNEYS AT LAW
A PARTNERSHIP INCLUDING LAW CORPORATIONS
515 SOUTH FIGUEROA STREET
MANULIFE BUILDING, NINTH FLOOR
LOS ANGELES, CALIFORNIA 90071

TELEPHONE (213) 955-1200
FAX (213) 623-0032
(213) 624-7183

HONOLULU OFFICE
TELEPHONE (808) 523-2500
FAX (808) 523-0842

LOS ANGELES-WILSHIRE OFFICE
TELEPHONE (213) 937-8999
FAX (213) 935-0493

LONG BEACH OFFICE
TELEPHONE (213) 435-5631
FAX (213) 437-3760

GUAM OFFICE
TELEPHONE (671) 472-6813
FAX (671) 477-4375

HILO OFFICE
TELEPHONE (808) 935-6644
FAX (808) 935-7975

KONA OFFICE
TELEPHONE (808) 329-6464
FAX (808) 329-9450

MAUI OFFICE
TELEPHONE (808) 242-4535
FAX (808) 244-4974

SAIPAN OFFICE
TELEPHONE (670) 322-3455
FAX (670) 322-3368

December 10, 1990

Direct Dial No.:
955-1222

Our Reference No.:

24043604274

Office of General Counsel
Federal Election Commission
Washington, D.C. 20463

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RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 DEC 12 PM 1:11

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Re: MUR 3020
Albert Gersten
The Gersten Companies, Inc.

Dear Sir:

I have been retained to represent Mr. Albert Gersten and The Gersten Companies, Inc. in the above entitled proceeding. Enclosed is a completed Statement of Designation of Counsel. Mr. Gersten received the Commission's November 27th, 1990 letter on December 3rd, 1990.

We hereby respectfully request pre-probable cause conciliation pursuant to 11 C.F.R. Section 111.18 (d). To the extent that Mr. Gersten or The Gersten Companies, Inc. may have violated provisions of the Federal Election Campaign Act 1971, as amended, such violations were inadvertent and unintentional. The Gersten Companies, Inc., is a family corporation owned solely by Mr. Gersten and his wife and Mr. Gersten is the President and Chairman of the company. To the extent that Mr. Gersten may have used corporate funds in making reimbursable expenditures for the Friends of Gary Hart Campaign Committee, he would have considered all such expenditures to be personal in nature rather than corporate expenditures. Further, he did not realize or have any knowledge that such reimbursable

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expenditures might be classified as contributions; nor did he receive any advice of counsel regarding these matters.

Although, Mr. Gersten has been a contributor for many years to federal, state and local candidates, he has not previously been the subject of a Federal Election Commission investigation for violations of campaign contribution laws. Mr. Gersten seeks conciliation so that he can correct any possible violations of law and prevent any reoccurrences.

Respectfully submitted,

Tom K. Houston

Tom K. Houston
Attorney for
Albert Gersten
The Gersten Companies, Inc.

TKH/ml

2404360427 5

-86C8982

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 DEC 14 PM 12:20

Office Liquidators, Inc
Affordable Quality in New & Used Office Furniture & Panel Systems

5250 E. Evans Avenue ▲ Denver, CO 80222 ▲ 303 759-DESK ▲ FAX 759-0231

December 11, 1990

Ms. Patty Reilly
FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 DEC 14 PM 3:27

Re: MUR 3020

Dear Ms. Reilly:

Thank you for taking the time to talk with me today concerning your letter to Office Liquidators dated November 27, 1990. As we discussed, I am asking that you give us an extension for a response to January 16, 1991. I did not receive your letter until December 6, 1990 since it was sent to our old address. Please note our new address on this letterhead.

I will be taking a vacation around Christmas and therefore would very much appreciate this extension. I will be completely cooperative with answering any and all questions that you have concerning this matter.

Thank you for your consideration.

Sincerely,

OFFICE LIQUIDATORS, INC.

Dennis D. Meyer
President

DDM/em

2400436042176

OOC 8994

DAVIS, GRAHAM & STUBBS

ATTORNEYS AT LAW

WASHINGTON D.C. OFFICE
SUITE 500
1200 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036-2402
TELEPHONE 202-822-8660

SUITE 4700
370 SEVENTEENTH STREET
DENVER, COLORADO 80202
MAILING ADDRESS
POST OFFICE BOX 185
DENVER, COLORADO 80201-0185
TELEPHONE 303-892-9400
FACSIMILE 303-893-1379
TELEX 413726 DGS DVR UD
CABLE DAVGRAM, DENVER

SALT LAKE CITY OFFICE
SUITE 1600-87
EAGLE GATE TOWER
60 EAST SOUTH TEMPLE
SALT LAKE CITY, UTAH 84111-1006
TELEPHONE 801-328-6000

December 14, 1990

Patty Reilly
Federal Election Commission
999 E. Street N.W.
Washington, D.C. 20463

RE: Colorado Democratic State Central Committee
MUR 3020

90 DEC 17 AM 10: 10
RECEIVED
FEDERAL ELECTION COMMISSION

Dear Ms. Reilly:

The Colorado Democratic State Central Committee (the "Committee") is in receipt of the correspondence from the Federal Election Commission (the "FEC") dated November 27, 1990 relating to MUR 3020. On December 10, 1990, the undersigned were designated counsel to the Committee in this matter.

We are writing to request an extension of time in which to respond. MUR 3020 pertains to a transaction or transactions between the Committee and Friends of Gary Hart - 1988, Inc. ("FOG"). Prior to responding to the FEC's allegations we must review our own files and make inquiries of FOG. We understand that FOG will not be prepared to respond to our inquiries until they finish their own review in mid-January. We therefore would be prepared to respond no later than January 24, 1991, and respectfully request an extension of time within which to respond to and including that date.

90 DEC 17 PM 3:00
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Very truly yours,

Richard W. Daily

Elizabeth J. Lentini

2043604217

OGC 8997

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 DEC 17 AM 9:58

FRIENDS OF
GARY
HART
1988

December 10, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

90 DEC 17 PM 3:00

Federal Election Commission
Attn: Patty Reilly
999 E Street N.W.,
Washington, DC 20463

Re: Friends of Gary Hart - 1988, Inc.
MUR 3020

Dear Ms. Reilly:

Friends of Gary Hart - 1988, Inc. acknowledges receipt of the correspondence from the Federal Election Commission dated November 27, 1990 relating to MUR 3020. We intend to provide a written response to the items listed. Due to the volume of information which must be reviewed and the press of holidays, we request a 30 day extension to January 24, 1991 for the preparation of our response.

Very truly yours,

FRIENDS OF GARY HART - 1988, INC.

Stephen D. Alfers
Treasurer

SDA:meb

24043602778

Paid for by Friends of Gary Hart 1988

90 C 9044
RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
90 DEC 18 PM 1:47

STEIN-BRIEF GROUP

December 14, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 DEC 18 PM 4:00

Ms. Lee Ann Elliott
Chairman
FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

Re: MUR 3020

Dear Ms. Elliott:

Per your letter of December 5, 1990 to Mr. David Stein, I am enclosing herewith the Statement of Designation of Counsel for the above-referenced matter. Counsel identified therein is Paul Sullivan at Wunder & Diefenderfer in Washington, and Peter Bagatelos at Bagatelos and Fadem in San Francisco.

Should you have any questions, please feel free to contact the undersigned.

Very truly yours,

Timothy D. Carlyle

TDC/gc
GC7:F

cc: David F. Stein
Mr. Christopher Townsend
Paul Sullivan, Esq.
Peter Bagatelos, Esq.

2043604279

34052 La Plaza Drive
Dana Point, CA 92629
714-859-6995
FAX 714-495-3609

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3020

NAME OF COUNSEL:	Mr. Paul Sullivan	Mr. Peter A. Bagatelos
ADDRESS:	Wunder & Diefenderfer	Bagatelos and Fadem
	1615 L St. NW, Suite 650	601 California St., Suite 1801
	Washington, D.C. 20036	San Francisco, CA 94108
TELEPHONE:	202/659-3005	415/982-7100

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

12-14-90
Date

The Monarch Group, Inc.

By: Judith Wyatt
Signature Judith Wyatt
Its: Assistant Secretary

RESPONDENT'S NAME:	The Monarch Group, Inc.
ADDRESS:	34052 LaPlaza Dr., Suite 201
	Dana Point, CA 92629
HOME PHONE:	N/A
BUSINESS PHONE:	714/859-6995

2404360042880

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1990

Dennis D. Meyer, President
Office Liquidators, Inc.
5250 Evans Avenue
Denver, Colorado 80222

RE: MUR 3020
Office Liquidators, Inc.

Dear Mr. Meyer:

This is in response to your letter dated December 11, 1990, which we received on December 14, 1990, requesting an extension until January 16, 1990 to respond to the Commission's reason to believe determination. 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 16, 1990.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Jonathan Bernstein
Assistant General Counsel

7404360428 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1990

Mr. David Stein
The Monarch Group, Inc.
Monarch Beach
P.O. Box 6839
Laguna Beach, CA 92677

RE: MUR 3020

Dear Mr. Stein:

On December 5, 1990, you were sent a letter stating that the Federal Election Commission found that there is reason to believe The Monarch Group, Inc. violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. Enclosed please find a copy of that letter, a Factual and Legal Analysis that includes the corrected date of the contribution, a copy of the Commission's procedures, and a Designation of Counsel Form.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosures

2043604282

DOC 9032

KELLY, MCAULIFFE, SIEMENS & RYAN
LAWYERS
2049 CENTURY PARK EAST
SUITE 1350
LOS ANGELES, CALIFORNIA 90067
TELEPHONE (213) 277-5333
FACSIMILE (213) 277-5953

SAN FRANCISCO
1388 SUTTER STREET
SUITE 820
SAN FRANCISCO, CALIFORNIA 94109
(415) 673-3113

WASHINGTON, D.C.
COLORADO BUILDING
SECOND FLOOR
1341 G. STREET, N.W.
WASHINGTON, D.C. 20005
(202) 783-1800

DAVID L. AINBENDER

December 17, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 DEC 18 PM 12:17

VIA FEDERAL EXPRESS

Ms. Patty Reilly
General Counsel's Office
Federal Election Commission
9999 E. Street, Room 657
Washington, D.C. 20463

Re: YCS Investments, Inc.; M.U.R. No. 3020

Dear Ms. Reilly:

This office represents YCS Investments, Inc. ("YCS") with respect to the above-referenced matter. As I related to you during our telephone conversation on December 17, 1990, YCS is in the process of obtaining the appropriate signature for the Designation of Counsel and will be able to supply you with an executed original of that document shortly.

This letter shall constitute YCS's written request for pre-probable cause conciliation. My client desires to resolve this matter in a mutually cooperative fashion as expeditiously as possible. After receiving the Commission's letter and the Factual and Legal Analysis, Paul Yuen spoke with you on two occasions on behalf of YCS. After YCS referred the matter to this office, I called on Thursday and Friday of last week to speak with you, but were told that, unfortunately, you were out ill. I left messages for you and in your absence spoke with Jonathan Bernstein of your office. I was able to reach you on December 17, 1990 and we discussed the matter.

As I advised you during our conversation, YCS has searched its records after receiving the Factual and Legal Analysis from your office. YCS did not at any time write any checks payable to Stratton & Associates or the Volunteer Committee, which are mentioned in the Factual and Legal Analysis. YCS did issue a single check in the amount of $1,000.00 payable to the "Friends of Gary Hart 1988" dated April 13, 1987. Enclosed is a copy of both sides of that check along with the check stub and a copy of the contribution slip. Under cover of a

2404360422833

letter dated July 1, 1988, Friends of Gary Hart sent a Friends of Gary Hart check to YCS in the amount of $1,000.00 to refund YCS's contribution; the cover letter explained that the money was being returned because it was a corporate contribution. Enclosed is a copy of that letter and the check that was enclosed with it.

Please let me know if there is any further information which you may need. I look forward to hearing from you and resolving this matter shortly.

Very truly yours,

DAVID L. AINBENDER

DLA:dk
Enclosure

24043604284

FRIENDS OF GARY HART 1988

July 1, 1988

YCS Investments
170 Maiden Lane
Suite 800
San Francisco, CA. 94106

Dear YCS Investments,

Thank you very much for your generous contribution to Friends of Gary Hart. Unfortunately, the federal election laws preclude corporate contributions. Consequently, I am required to return the enclosed check.

Sincerely,

Steven Alfers

Steven Alfers
Treasurer

24043602285

Paid for by Friends of Gary Hart 1988

FRIENDS OF GARY HART 1988, INC.
1660 GILPIN ST (303) 329-0188
DENVER, CO 80218

273

23-7/1020

6/29 19 88

Pay to the order of YCS Investment $1000.00

One Thousand Dollars & 70/100 Doll

United Bank
United Bank of Denver • National Association

For Refund

Stephen Robb

⑈002733⑈ ⑆102000076⑆ 740 901⑈

⑆ 4 0 4 3 6 0 4 2 8 7

1847

DATE 4/13/87

TO Friends of Gary Hart

FOR political contribution

DEPOSITS	1,000 00
TOTAL	3,0[illegible] 00
THIS CHECK	1,000 00
BALANCE	2,0[illegible] 00

647

1847

YCS INVESTMENTS
170 MAIDEN LANE, SUITE 600
SAN FRANCISCO, CA 94108

April 13 19 87 11-28 7215

PAY TO THE ORDER OF Friends of Gary Hart 1988 $ 1,000.00

THE SUM OF ONE THOUSAND AND 00 CTS DOLLARS

Bank of America NT&SA
Civic Center Branch 0579
PO Box 37000
San Francisco, CA 94137

FOR Sponsor Dinner - EVCAIN Thursday, April 16

FRIENDS OF GARY HART Northern California Dinner

Thursday April 16, 1987 • Gold Room, Fairmont Hotel
For information call (415) 956-1011

☐ Yes, I/We would be pleased to be seated _____ ticket(s) at $250 per person

☐ Yes, I/We would like to participate as a:

☐ Patron (contribution of $2,500) ☑ Sponsor (contribution of $1,000)

Patrons and Sponsors will be listed in the evening's program. Patrons are entitled to a table of eight. Sponsors are entitled to four tickets.

☑ Enclosed is my check for $ 1,000.

☐ Sorry, I/We cannot attend but wish to support Gary Hart with

my/our contribution of $ _____.

Name YCS INVESTMENTS
(please print your name as you wish it to appear on the enclosed check)

Address SUITE 600, 170 MAIDEN LANE Phone _____

City SAN FRANCISCO State CA Zip 94108

Occupation _____ Firm/Employer _____

Business Address _____ Phone _____

City _____ State _____ Zip _____

Please make checks payable to: Friends of Gary Hart 1988
Paine Sargent, Treasurer
Federal law prohibits individual contributions over $1,000
Friends of Gary Hart 1988 will not accept money from PACS.
Attendance will be held at the door

2404360420388

PAY TO THE ORDER OF

FOR DEPOSIT ONLY

23-7
1220

DATE 12 of 23

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 20, 1990

Stephen D. Alfers, Treasurer
Friends of Gary Hart 1988
370 17th Street, Suite 4700
Denver, CO 80201

Re: MUR 3020
Friends of Gary Hart 1988 and
Stephen Alfers, as treasurer

Dear Mr. Alfers:

This is in response to your letter dated December 10, 1990, which we received on December 17, 1990, requesting an extension until January 24, 1990 to respond to the Commission's reason to believe determination. 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 24, 1990.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Jonathan Bernstein
Assistant General Counsel

2404360423 89

DGC 9130

LAW OFFICES OF
DANIEL D. PLATTNER

TELEPHONE 303/296-2102
2201 GLENARM PLACE
DENVER, COLORADO 80205

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 DEC 27 AM 10:20

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
90 DEC 24 AM 7:02

December 18, 1990

Lee Ann Elliott
Chairman
Federal Election Commission
Washington, D.C. 20463

RE: MUR 3020
Respondent - Merchants Office Furniture

Dear Ms. Elliott:

Please be advised the undersigned attorney will be representing Merchants Office Furniture.

Pusuant to your letter to my client of November 27, 1990, my client wishes to enter into a conciliation to prevent the expenditure of any substantial attorney's fees, time or other expense.

In this regard, my client has previously set forth its position that no contribution was made to the Gary Hart campaign. The only transaction my client can document is the one where the Hart campaign purchased used furniture for $550.00.

In this regard, you are advised that my client is a very small furniture company with one executive, two or three salesmen, and two or three other employees depending on the time of year.

It is simply inconceivable to me that you would believe that my client has attempted to curry favor and/or intentionally violated the law.

Would you please contact me to discuss the matter at your convenience.

Very truly yours,

Dan Plattner

Daniel Plattner

DP:ih

7404360429 0

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3020

NAME OF COUNSEL: Daniel Plattner

ADDRESS: 2201 Glenarm Place
Denver, CO 80205

TELEPHONE: (303) 296-2102

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.

Merchants Office Furniture

December 17, 1990
Date

By Richard Sanders
Signature
Richard Sanders

RESPONDENT'S NAME: Merchants Office Furniture

ADDRESS: 2261 Broadway
Denver, CO 80205

HOME PHONE:

BUSINESS PHONE: (303) 297-1100

2404360429 1

00C 9766

LAW OFFICES
WUNDER, RYAN, CANNON & THELEN
1615 L STREET, N.W., SUITE 650
WASHINGTON, D. C. 20036
(202) 659-3005
FACSIMILE: (202) 659-3010

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE SERVICES BRANCH
91 JAN -9 AM 10:45

January 3, 1991

Lawrence Noble, Esq.
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20483

ATTN: Patty Reilly, Esq.

RE: MUR 3020

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JAN -9 PM 1:12

Dear Ms. Reilly:

I.
INTRODUCTION

This matter is brought by the Federal Election Commission ("FEC" or "Commission") pursuant to 2 U.S.C §437g (a)(2) against the Monarch Group, Inc. ("Respondent" or "Monarch") for an alleged violation of 2 U.S.C. §441b (a).

For the reasons set forth below, the Respondent requests the Commission to take no further action on this matter and close the file.

II.
DISCUSSION

In July of 1986, Stratton and Associates organized a workshop to provide non-candidate specific advise and guidance regarding elections of candidates. Based upon Respondent's best recall, the agenda was generic in purpose and discussed campaign techniques and grassroots type support for candidates.

On July 23, 1986, the Respondent issued a check to Stratton and Associates for $1,000.00 for fees associated with the workshop. These funds were not deposited into any federal committee to the knowledge of the Respondent and were not for the benefit of any federal candidate or political committee. Similarly, the solicitation for the fees to this workshop was not for purposes of benefiting any candidate or federal committee.

Based upon knowledge and information which Respondent has obtained, it is Respondent's understanding that as a result of auditors from the FEC reviewing the Friends of Gary Hart Committee, ("Hart Committee"),

2404360422 92

the Hart Committee and the FEC auditors mutually agreed to allocate twenty five percent (25%) of the expenses for this workshop as an in-kind contribution to a federal committee known as the "Volunteer Committee". Apparently, subsequent to this mutual decision between the Hart Committee and the FEC auditors, Stratton and Associates issued a reimbursement check of $1,000.00 to the Monarch Group on March 24, 1987. This was apparently done in view of the fact that the Respondent's initial check was issued from its corporate treasury fund and, based on this subsequent agreement with the Hart Committee, it would cause a corporate contribution to be made which was not originally intended.

The Respondent has received a full reimbursement from Stratton and Associates for the funds which were paid. In addition, the Respondent had absolutely no indication at the time of the payment to Stratton that a subsequent agreement between the FEC and the Hart Committee would convert the funds earlier deposited to be considered a contribution to a federal committee.

This ex post facto action should not justify a violation of §441b (a) by the Respondent. Respondent was not informed that the fees being paid were considered a political contribution, and the fact that the check in question was made payable to Stratton and Associates should on its face indicate that it was not intended nor perceived to be a contribution in whole or in part to a political committee. The fact that the Hart Committee and the FEC mutually agreed to the twenty five percent (25%) federal allocation at a point subsequent to the event cannot be used to impute a §441b (a) violation to the Monarch Group.

The violation, if any, rests only with the Hart Committee. The fact that the Monarch Group had no intention nor any knowledge that federal allocated activity was occurring at the workshop, should preclude the FEC from taking action against Respondent. Coupled with the fact the federal allocation decision was reached months after the event and through a negotiation between the Hart Committee and the FEC, should underscore the rational for closing this file against the Respondent.

For the foregoing reasons, the Respondent respectfully requests that the Commission take no further action and close out this file.

Respectfully submitted on behalf of Respondent.

Wunder, Ryan, Cannon & Thelen

By: Paul E. Sullivan

cc: Peter Bagatelos, Esq.
Mr. Christopher Townsend

2043604293

MUR 3020

KELLY, MCAULIFFE, SIEMENS & RYAN
LAWYERS
2049 CENTURY PARK EAST
SUITE 1350
LOS ANGELES, CALIFORNIA 90067
TELEPHONE (213) 277-5333
FACSIMILE (213) 277-5953

SAN FRANCISCO
1388 SUTTER STREET
SUITE 820
SAN FRANCISCO, CALIFORNIA 94109
(415) 673-3113

WASHINGTON, D.C.
COLORADO BUILDING
SECOND FLOOR
1341 G. STREET, N.W.
WASHINGTON, D.C. 20005
(202) 783-1800

DAVID L. AINBENDER

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
91 JAN 11 AM 11:07

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JAN 11 PM 12:04

January 8, 1990

Ms. Patty Reilly
General Counsel's Office
Federal Election Commission
999 E. Street, Room 657
Washington, D.C. 20463

Re: YCS Investments, Inc.; M.U.R. No. 3020

Dear Ms. Reilly:

Please find enclosed an original Statement of Designation of Counsel, executed by my client, which I received today.

Very truly yours,

David L. Ainbender

2404360442994

STATEMENT OF DESIGNATION OF COUNSEL

FILE RECEIVED DEC 18 1990 5318

MUR 3020

NAME OF COUNSEL: Kelly, McAuliffe, Ryan & Delli Santi

ADDRESS: 2049 Century Park East, Suite 2660
Los Angeles
California 90067

TELEPHONE: 213/277-5333

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.

December 11, 1990
Date

Signature

RESPONDENT'S NAME: YCS Investments

ADDRESS: 170 Maiden Lane, Suite 800
San Francisco
California 94108

HOME PHONE: N/A

BUSINESS PHONE: 415/781-1211

24043602295

MUR 3020

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 JAN 17 AM 9:24

Office Liquidators, Inc
Affordable Quality in New & Used Office Furniture & Panel Systems

5250 E. Evans Avenue ▲ Denver, CO 80222 ▲ 303 759-DESK ▲ FAX 759-0231

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JAN 17 PM 3:24

January 15, 1991

Ms. Patty Reilly
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3020

Dear Ms. Reilly:

Thank you for granting us an extension on the above referenced matter. At this time we are requesting a Pre-Probable Cause Conciliation.

I will attempt to give you a summary of all of my dealings with the Friends of Gary Hart. I do not remember exact dates but I believe the initial contact was made approximately in the fall of 1987. We called the Hart people and asked them if they would be needing any office furniture. They responded that they would need various items of furniture but did not have monies in their budget to cover such expenditures. We offered to let them use various items rent free during the course of the campaign, with the understanding that we would pick up the items at a later date.

I don't remember the name of the individual that I primarily dealt with, but I believe his first name was Henry. Almost all of my dealings with the Friends of Gary Hart were with Henry. Henry visited my establishment, picked out some items and arranged for a delivery time.

At some point after the delivery was made, he suggested that we determine a fair market value for the items that we delivered. He said this would be needed to satisfy FEC regulations. Henry later suggested that all of our dealings should be put under my name as an individual along with my two partners since corporate contributions were not allowed by the FEC. He asked me if we were the sole owners of Office Liquidators and I responded affirmatively. He said that all paperwork would have to be documented in our individual names and we complied without knowing we were apparently violating FEC regulations.

At no time did we think we were doing anything unethically since the Hart people assured us everything was up front and legitimate. My partners and I took no deduction from our income tax returns so there was no benefit to us in any way. Later when the Hart people suggested that we invoice them because of your investigation, we again complied since we were assured this would be the end of the matter.

Your letter to us dated November 27, 1990 came as quite a shock since we were assured by the Friends of Gary Hart that the entire matter had been resolved. If there is any further information you need from us or any questions needing to be answered, I will be completely cooperative with your office.

Sincerely,

Dennis D. Meyer

Dennis D. Meyer
President
DDM/em

2 4 0 4 3 6 0 4 2 9 6

MUR 3020

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
91 JAN 17 PM 3:42

FRIENDS OF
GARY
HART
1988

January 16, 1991

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JAN 17 PM 4:20

Federal Election Commission
Ms. Lee Ann Elliott, Chairman
999 E. Street, N.W.
Washington, DC 20463

Re: MUR 3020

Dear Ms. Elliott:

Friends of Gary Hart - 1988, Inc. (FOGH) has reviewed the Factual and Legal Analysis for MUR 3020 and your letter dated November 27, 1990. We have also received a letter dated December 20, 1990 from Lawrence M. Noble granting our request for an extension until January 24, 1991 for our response.

On the basis of the information contained in MUR 3020 and the data we have already provided in our response to the Interim Audit report, FOGH believes there is substantial basis for resolving many of these issues to our mutual satisfaction.

Therefore, FOGH desires to pursue pre-probable cause conciliation with the Federal Election Commission. Enclosed please find the form designating our counsel for this matter.

In addition, please send copies of any notices to:

Stephen D. Alfers
Davis, Graham & Stubbs
P. O. Box 185
Denver, CO 80201

2404360427

Paid for by Friends of Gary Hart 1988

and

Jim E. Downum
1325 South Colorado Boulevard
Suite 504
Denver, CO 80222

Sincerely,

Stephen D. Alfers
Treasurer

SDA:meb
Enclosure

2404360429 98

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3020

NAME OF COUNSEL: Donald J. Simon
Sonosky, Chambers, Sachse & Endreson

ADDRESS: 1250 Eye Street, N.W.
Suite 1000
Washington, D.C. 20005

TELEPHONE: (202) 682-0240

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.

1-16-90
Date

Signature

RESPONDENT'S NAME: Friends of Gary Hart and
Stephen Alfers, as treasurer

ADDRESS: P. O. Box 185

Denver, CO 80201

HOME PHONE:

BUSINESS PHONE: (303) 892-9400

24043604299

06C9917

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 JAN 25 AM 9:10

DAVIS, GRAHAM & STUBBS
ATTORNEYS AT LAW

WASHINGTON D.C. OFFICE
SUITE 500
1200 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036-2402
TELEPHONE 202-822-8660

SUITE 4700
370 SEVENTEENTH STREET
DENVER, COLORADO 80202
MAILING ADDRESS
POST OFFICE BOX 185
DENVER, COLORADO 80201-0185
TELEPHONE 303-892-9400 TELEX 413726 DGS DVR UD
FACSIMILE 303-893-1379 CABLE DAVGRAM, DENVER

SALT LAKE CITY OFFICE
SUITE 1600-87
EAGLE GATE TOWER
60 EAST SOUTH TEMPLE
SALT LAKE CITY, UTAH 84111-1006
TELEPHONE 801-328-6000

RICHARD W. DAILY
892-7357

January 24, 1991

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Original by Federal Express

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JAN 25 AM 10:31

Federal Election Commission
Washington, D. C. 21463

Attention: Patty Reilly, Esq.

Re: Response of Colorado Democratic State Central Committee and Martha M. Ezzard, Treasurer, to MUR 3020, and Request for Pre-Probable Cause Conciliation

Dear Commissioners and Ms. Reilly:

This letter constitutes the response of the Colorado Democratic Party State Central Committee and Martha M. Ezzard, its Treasurer (collectively referred to as "Colorado Democratic Party" or "CDP") to MUR 3020. In addition, on behalf of the Colorado Democratic Party, we request that the Commission pursue pre-probable cause conciliation as contemplated by 11 C.F.R. § 111.18(d).

The Commission appears to make two assertions with respect to the transactions between Colorado Democratic Party and Friends of Gary Hart 1988, Inc. ("FOGH"), in connection with the subleasing of office space at 1600 Downing Street, Denver, by CDP to FOGH between December, 1986 and May, 1987:

a. CDP may have made excessive in-kind contributions in the amount of $32,180; and

b. Because the assets which CDP gave to FOGH as in-kind contributions were paid for by checks drawn on its non-federal account, CDP may have violated 2 U.S.C. § 441b(a).

Neither assertion has merit.

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1. Colorado Democratic Party has not made excessive contributions to FOGH. The essence of the Commission's claim appears to be that, as a result of FOGH's untimely payment of rent and its untimely reimbursement of CDP's advances on its behalf (for telephone equipment and lines and for one entertainment item), CDP may be regarded as having made a contribution to FOGH by extending it credit on commercially unreasonable terms.

a. Summary of facts. During the 1986 election cycle, Colorado Democratic Party conducted an extensive coordinated campaign out of office space located at 1600 Downing Street, Denver. That lease expired in November, 1986. Because that office space worked well for CDP, CDP wanted to take steps to preserve its ability to use that space.

In November, 1986, CDP entered into a new lease for that same office space. It also negotiated an agreement to sublease that space to FOGH for an indefinite period of time. This sublease enabled CDP to retain the right to use this space in the future (i.e., when it would begin gearing up for the 1988 election cycle), while having a tenant occupying the space and paying its rental costs during a period when it would not need that much space. (The parties assumed that in the event Mr. Hart succeeded as a serious national candidate, he would vacate the CDP space in due course for larger quarters, and that if his candidacy terminated, he would no longer need the premises.) CDP entered into the lease and the FOGH sublease for its own long-range operational purposes, and not for the purpose of making in-kind contributions to FOGH.

The parties agreed that FOGH would pay to CDP the same rent which CDP paid to its landlord. (CDP paid $3,550 per month; FOGH appears to have assumed that it was obligated only to pay $3,500 per month.) In addition, CDP agreed to pay for the installation of certain telephone lines and equipment, to be reimbursed by FOGH.

The parties also discussed their assumption that FOGH would quickly develop telemarketing expertise, using the lines and equipment installed. They agreed that if FOGH performed significant services on CDP's behalf, the reasonable value of those services would offset FOGH's debt to CDP.1/

1/ This agreement is evidenced by an exchange of correspondence between Sigrid Freese, then Executive Director of CDP, and David Miller, then Chief Financial Officer of FOGH, attached hereto as

(continued...)

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FOGH took possession of the premises effective December 1, 1986, and occupied them through May, 1987, when its tenancy ceased and CDP retook possession. FOGH was thus obligated to pay rent beginning when it commenced to occupy the premises, and on the first day of each four following months during which it continued to occupy them.[2/]

In addition, CDP made three payments for telephone lines and equipment, which FOGH was obligated to repay:

12/17/86 - Mountain Bell	$2,500.00
12/17/86 - High Country Wire	2,070.00
01/07/87 - AT&T	1,000.00.

Also, on February 5, 1987, CDP paid $310.00 to Villa Monaco Liquors in connection with the FOGH headquarters opening reception, for which it claimed entitlement to reimbursement from FOGH.

CDP made a contribution in kind of the rent for March ($3,550), and of a portion ($1,450) of the April rent.

When FOGH began to wind down its activities in May, 1987, Sigrid Freese, the CDP Executive Director, sent David Miller, the FOGH Chief Financial Officer, a statement of accounts payable by FOGH to the CDP, a copy of which is attached as Exhibit A hereto. She sought payment to CDP of $12,630.00.

Mr. Miller responded with a memorandum (attached hereto as Exhibit B) which (a) acknowledged the debts, (b) accounted for the $5,280 worth of telemarketing/phone bank services performed by FOGH for CDP, and (c) transmitted the $7,350 balance due from FOGH to CDP.[3/]

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1/(...continued)
Exhibits A and B. Mr. Buie Seawell, then the CDP State Chair, contradicts this fact in an Affidavit which he gave in connection with an FEC audit of FOGH. Mr. Seawell was unaware of this agreement either at the time it was reached and implemented or at the time he gave his Affidavit.

2/ FOGH was obligated on its sublease without regard to the timing of payments by CDP to its landlord.

3/ Both CDP and FOGH appear to have forgotten about this exchange of memoranda in July, 1988, when this issue first arose in connection with an FEC audit of FOGH. Because FOGH cash

(continued...)

With the exception of CDP's $5,000 contribution in kind to FOGH, FOGH paid all of its rent and repaid the CDP for all of its expenditures on FOGH's behalf. The essence of MUR 3020, insofar as it involves this relationship, is that FOGH did not pay its bills in a particularly timely manner. Exhibit C, however, demonstrates that of the approximately $27,000 in debt which was incurred by FOGH to CDP between December, 1986, and May, 1987, all but $3,230 was repaid within 60 days of the accrual of the obligation.[4/] FOGH repaid all of the debt within 5 months of its being incurred.

b. Reasons why the FEC should determine there is no probable cause to believe that CDP violated the Federal Election Campaign Act.

Most importantly, apart from the conscious decision to make a contribution in kind of FOGH's rent obligations for March and for a part of April, neither CDP's sublease to FOGH nor CDP's agreement to pay for certain telephone lines was a contribution in kind to FOGH. The parties did not, at the time, contemplate the extension of credit by CDP to FOGH. Rather, CDP and FOGH entered into an arms-length commercial relationship; CDP assumed that FOGH would pay the cost of these items as those costs accrued.

The alleged violation arose because FOGH did not pay its debts as they fell due. It arose because of actions which were wholly outside CDP's control. CDP had and has no control over FOGH; it should not be penalized for FOGH's failure to pay its debts in a timely manner.

FOGH's repayment schedule was not, in any event, commercially unreasonable, given the economic conditions prevailing in Denver in late 1986 and early 1987. Denver was one of the first cities to experience the recession which the rest of the country is now experiencing. It was not unusual for

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3/(...continued)
accounts did not reflect its performance of services for CDP with a value of $5,280, FOGH paid (on July 19, 1988) an additional $5,280 to CDP.

4/ We understand that the FEC has adopted a practice of treating the failure to repay an obligation within 60 days of its accrual as presumptively commercially unreasonable. We also understand that, by extension, the FEC treats such a failure to repay as converting the underlying obligation from a debt into a contribution.

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landlords to have tenants who, in the face of financial distress, delayed rental payments for long periods of time; landlords were forced to acquiesce in such slow payments because of the scarcity of qualified tenants for commercial space. Although a 60-day presumption of commercial reasonableness may be appropriate during ordinary times or in other regions of the country, it is an unreasonable standard to apply to the CDP-FOGH debts in Denver's dismal economic climate during 1987.[5/]

Only a small portion of the FOGH debt to CDP - $3,230 out of a total of $27,180 (12% of that total) - remained unpaid for more than 60 days, and even that was repaid within 5 months. See Exhibit C. Even if the FEC should determine that the failure to make prompt repayment is a violation, it is an insubstantial one.

2. <u>The fact that CDP made payments to its landlord and to persons who provided services and equipment to it from CDP's State Account does not violate the Act</u>.

As noted above, the only contributions in kind which were made were in connection with the March rent and a portion of the April rent. This contribution was made with an asset (the leasehold interest in the premises) which CDP had acquired with its own funds for its own purposes. There is no reason to connect the source of funds used by CDP to acquire that asset with the fact that CDP later made a gift of a part of that asset to FOGH.

Even if it is appropriate to trace funds back into the CDP State Account, we believe that we can show (using reasonable accounting techniques) that virtually all of those funds came from sources which were permissible sources under 2 U.S.C. § 441b(a). The mere fact that such funds came from the State Account should not create a presumption that the funds were from impermissible sources.

We look forward to an early opportunity to discuss these issues further with you.

5/ The Regulations contemplate a determination of commercial reasonableness within the commercial context in which the transactions occur. See, e.g., 11 C.F.R. § 116.3 ("Extensions of credit by commercial vendors"), which provides that the extension of credit will not be considered a contribution to the extent that its terms "are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation."

2043604304

Thank you for your consideration of this submission.

Very truly yours,

Richard W. Daily
and

Elizabeth J. Lentini
for
DAVIS, GRAHAM & STUBBS

cc: Martha M. Ezzard, Treasurer
Dick Freese, State Chair
M. Buie Seawell

24043605

COLORADO
DEMOCRATS

Colorado Democratic Party

May 11, 1987

TO: David Miller
FROM: Sigrid Freese
RE: Accounts payable to Colorado Democratic Party

In conversations Buie had with Bill Dixon and that you and I had, we discussed ways in which the Hart campaign might do telemarketing, printing and other services to repay the Colorado Democratic for money it was expending for rent and telephones for the campaign headquarters at 1600 Downing. In view of the fact that the campaign will not be able to perform those services, beyond what was done on a trial basis in February and March, I want to bring you up to date on what the Party has spent that will need to be repaid.

$21,300	-	Rent, Dec., 1986-May, 1987
2,500	-	Mountain Bell
2,070	-	HiCountry Tel.
1,000	-	AT&T
310	-	headquarters opening reception
$27,180		Total expended by Colorado Democratic Party

From this total needs to be subtracted the following: the $5,000 which we as a multi-candidate committee can donate to a federal candidate, and the $9,550 which the Friends of Gary Hart has already reimbursed us.

$27,180		
-5,000	-	Colorado Democratic Party contribution to Friends of Gary Hart
-9,550	-	Reimbursement received from Friends of Gary Hart
$12,630		Balance due the Colorado Democratic Party

I would appreciate your attention to this as you wind down the financial aspects of the compaign.

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Pete Seawell, *Chairman*
Marge Price, *First Vice-Chair*
[illegible], *Second Vice-Chair*
[illegible], *Secretary*
[illegible], *Treasurer*
[illegible], *DNC Member*
[illegible], *DNC Member*

1728 Downing Street
Denver, Colorado 80218
Telephone 303-830-[illegible]

EXHIBIT A

FRIENDS OF
GARY
HART
1988

June 3, 1987

Ms. Sigrid Freese
Colorado Democratic Party
1728 Downing St.
Denver, CO 80218

Dear Sigrid:

I have received your invoice for $12,630. I am deducting from that amount the value of in-kind services provided by the Friends of Gary Hart 1988, Inc. to the Colorado Democratic Party. The value of these services as detailed below is $5,280. Thus, a check is enclosed for $7,350, which is $12,630 minus $5,280.

The detail is as follows: (1) Between 2/1/87 and 2/20/87 we made calls updating party lists (new county officers,etc.). This was 1 person for 15 days at 8 hours per day, a total of 120 hours. (2) On 2/17/87, we had ten phoners work for 3 hours each, a total of 30 hours. (3) On 3/16/87 through 3/18/87, we had 10 phoners working for 3 hours a day for 3 days, a total of 90 hours.

The total of the three items above is 240 hours. According to Mr. Ed Graham of Graham Direct company, the market rate charged for this service is $22 per phone per hour. Mr. Graha indicated that this figure is low in that it is what he charge without long distance being included. With long distance, the market rate is $28 per phone per hour. Even though we did mak long distance calls for you, we will be conservative and charg only $22 per hour, since most of the calls were local. At $22 per hour, 240 hours cost $5,280, which is the amount we have deducted from your invoice.

If you have any questions about this, please do not hesitate to contact me.

Sincerely,

David Miller

David Miller, Chief Financial Officer

1600 DOWNING STREET
DENVER, COLORADO 80218
(303) 894-1988

Paid for by Friends of Gary Hart 1988

EXHIBIT
B

4 0 4 3 6 0 4 3 0 7

Exhibit C to Colorado Democratic Party response to FEC MUR 3020

December Rent		**High Country Wire**		**Mountain Bell**		**January Rent**	
Amount of Accrual	3,550.00	Amount of Accrual	2,070.00	Amount of Accrual	2,500.00	Amount of Accrual	3,550.00
Date of Accrual	12/01/86	Date of Accrual	12/17/86	Date of Accrual	12/17/86	Date of Accrual	01/01/87
FEC Due Date	01/30/87	FEC Due Date	02/15/87	FEC Due Date	02/15/87	FEC Due Date	03/02/87
Payment Amount	2,800.00	Payment Amount	2,070.00	Payment Amount	430.00	Payment Amount	1,000.00
Payment Date	01/05/87	Payment Date	01/20/87	Payment Date	01/20/87	Payment Date	02/05/87
Balance Due	750.00	Balance Due	0.00	Balance Due	2,070.00	Balance Due	2,550.00
Payment Amount	750.00			Payment Amount	2,070.00	Payment Amount	660.00
Payment Date	01/20/87			Payment Date	02/05/87	Payment Date	02/17/87
Balance Due	0.00			Balance Due	0.00	Balance Due	1,890.00
						Payment Amount	1,890.00
						Payment Date	02/20/87
						Balance Due	0.00
Entire amount paid by FEC Due Date		Entire amount paid by FEC Due Date		Entire amount paid by FEC Due Date		Entire amount paid by FEC Due Date	
Payments applied:		***Payments applied:***		***Payments applied:***		***Payments applied:***	
1/5/87 FOGH check in full	2,800.00	1/20/87 FOGH check in full	2,070.00	1/20/87 FOGH check in part	430.00	2/5/87 FOGH check in part	1,000.00
1/20/87 FOGH check in part	750.00	Unapplied balance of last check applied	430.00	2/5/87 FOGH check in part	2,070.00	2/17/87 Phone Bank	660.00
Unapplied balance of last check applied	2,500.00			Unapplied bal. of last check	1,000.00	2/20/87 Phone Bank	1,890.00
						Unapplied Bal.	750.00

Note: The "FEC due date" is the date 60 days from the date on which the debt accrued, which we understand to be the date by which payment must be made to avoid a presumption of commercial unreasonableness in the extension of credit.

February Rent		**Villa Monaco Liq.**		**March Rent**	
Amount of Accrual	3,550.00	Amount of Accrual	310.00	Amount of Accrual	3,550.00
Date of Accrual	02/01/87	Date of Accrual	02/05/87	Date of Accrual	03/01/87
FEC Due Date	04/02/87	FEC Due Date	04/06/87	FEC Due Date	04/30/87
Payment Amount	750.00			Payment Amount	3,550.00
Payment Date	02/20/87			Payment Date	03/01/87
Balance Due	2,800.00			Balance Due	0.00
Payment Amount	1,980.00				
Payment Date	03/18/87				
Balance Due	820.00				
				Entire amount paid by FEC Due Date	
Payments applied:		***Payments applied:***		***Payments applied:***	
2/20/87 Phone Bank bal. applied	750.00	No timely payments made.		March rent for-giveness (In-kind con-tribution)	3,550.00
3/18/87 Phone Bank	1,980.00				
AMOUNT UNPAID BY FEC DUE DATE	820.00	AMOUNT UNPAID BY FEC DUE DATE	310.00	AMOUNT UNPAID BY FEC DUE DATE	0.00
Cumulative total of amounts unpaid by FEC due date	820.00	Cumulative total of amounts unpaid by FEC due date	1,130.00	Cumulative total of amounts unpaid by FEC due date	1,130.00

April Rent		**May Rent**	
Amount of Accrual	**3,550.00**	**Amount of Accrual**	**3,550.00**
Date of Accrual	**04/01/87**	**Date of Accrual**	**05/01/87**
FEC Due Date	**05/31/87**	**FEC Due Date**	**06/30/87**
Payment Amount	**1,450.00**	**Payment Amount**	**3,550.00**
Payment Date	**03/01/87**	**Payment Date**	**06/03/87**
Balance Due	**2,100.00**	**Balance Due**	**0.00**
		Entire amount paid by FEC Due Date	
Payments applied:		***Payments applied:***	
April rent for-giveness ($1,450 balance of allowable in-kind contrib.)	**1,450.00**	**6/3/87 FOGH check**	
AMOUNT UNPAID BY FEC DUE DATE	**2,100.00**	**AMOUNT UNPAID BY FEC DUE DATE**	**0.00**
Cumulative total of amounts unpaid by FEC due date	**3,230.00**	**Cumulative total of amounts unpaid by FEC due date**	**3,230.00**

OGC 9941

DAVIS, GRAHAM & STUBBS
ATTORNEYS AT LAW

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Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 21463
Attention: Patty Reilly, Esq.

Re: Response of January 24, 1991 of Colorado Democratic State Central Committee and Martha M. Ezzard, Treasurer to MUR 3020

Dear Commissioners and Ms. Reilly:

On January 24, 1991, the undersigned, on behalf of the Colorado Democratic Party State Central Committee and Martha M. Ezzard, its Treasurer (collectively referred to as "Colorado Democratic Party" or "CDP"), responded to the Commission's Factual and Legal Analysis regarding MUR 3020. In the second section of that response we stated that we "believe we can show (using reasonable accounting techniques) that virtually all" of the funds used to purchase the assets which allegedly constituted an in-kind contribution by CDP to Friends of Gary Hart ("FOGH") came from sources which are permissible sources under 2 U.S.C. § 441b(a).

We have completed our analysis. We assumed that (i) deposits are applied chronologically in the order received to pay expenditures chronologically in the order paid (i.e. older monies are used first to pay expenditures and older expenditures paid first), and (ii) any deposits constituting impermissible sources under 2 U.S.C. § 441b(a) are considered the last monies received on the date deposited. Under these assumptions, a total of $2,143.07 in impermissible funds were "used" by CDP to make the total of $27,180.00 in alleged contributions to FOGH (approximately 8% of the total amount). The only explicit contributions in kind made by CDP to FOGH were the March rent and a portion of the April rent. CDP paid $7,300 to its landlord for

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these months. Of this $7,300, only a total of $699.77 in impermissible funds were "used" by CDP (approximately 9.5%).

We continue to believe, for the reasons set forth in our January 24, 1991 submission, that none of CDP's expenditures should be treated as contributions.

We would appreciate your consideration of this information along with the information provided to you in our response of January 24, 1991.

Very truly yours,

Richard W. Daily
and
Elizabeth J. Lentini
for
DAVIS, GRAHAM & STUBBS

cc: Martha M. Ezzard, Treasurer
Dick Freese, State Chair
M. Buie Seawell

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merchants
office furniture

January 23, 1991

Lee Ann Elliott
Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3020

Dear Ms. Elliott,

Pursuant to the correspondence of December 17, 1990 sent by our attorney, Daniel Plattner, we have not received a decision from the commission regarding conciliation of the possible violation of the "Act".

Upon further review of our documentation of the Hart campaign, I would like the commission to further review the enclosed letter. Please note that the non-inventoried, no-cash value furniture is considered "trash" and must be "picked up". Although we have no record to substantiate that any furniture was "picked up" by the campaign, I would like to reaffirm that our company did not "donate" any furniture to the Hart committee and does not feel it has violated the above act, intentionally or not. It is improbable for Merchants to provide "free desks, cabinets, etc." to anyone without some documentation and it is impossible that at any given time, there is enough "trashed" furniture available to furnish an office.

In respect to your investigation, we would appreciate your consideration of the above facts and would be willing to open our records and also be willing to provide any verbal testimony as required.

We feel confident that Merchants will not be found at fault of any violations and are eager to bring this investigation to an amicable end.

Respectfully,

Richard Sanders

Richard Sanders

RS/lv

enclosure

pc: Daniel Plattner

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OFFICE OF GENERAL COUNSEL
91 JAN 29 AM 10:29

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FAX # 297-0300

2261 broadway denver, colorado 80205 (303) 297-1100

Hart Campaign

DAVID L. WILLIAMS
PRIVATE INVESTIGATIONS

1034 Logan Street
Denver, Colorado 80203
303-832-5113

rniture

October 3, 1988

Mr. Jim Downum
Friends of Gary Hart-1988 Inc.
c/o Generation Plus
1325 So. Colorado Blvd., Ste. 504
Denver, Colorado 80222

Dear Jim,

Per our conversation today, Merchants is very proud of its recordkeeping (hardcopies and computer files) and we find no copy of any furniture donations to your campaign.

However, we do occasionally have used non-inventoried furniture which we do set aside for either trash or one of the non-profit agencies' pick-up. Should any of this furniture be "donated" it would have no value and therefore, we do not keep any records of such transactions.

Please feel free to contact me if I can be of any further assistance.

Sincerely,

Richard Sanders

Richard Sanders
President

RS/lv

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	SENSITIVE
	)	
Friends of Gary Hart and Stephen Alfers, as treasurer	)	MUR 3020
YCS Investment Company, Inc.	)	
Albert Gersten	)	
the Gersten Companies, Inc.	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On October 16, 1990 the Commission found reason to believe numerous respondents, including the above-captioned ones, violated the Act. Specifically, the Commission found reason to believe the Friends of Gary Hart and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 434(b)(3)(A), 441a(f) and 434(b)(5)(A). Additionally, the Commission further determined that there was reason to believe YCS Investments, Inc. violated 2 U.S.C. § 441b(a) and that Albert H. Gersten violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a). Additionally, the Commission found reason to believe the Gersten Companies, Inc. violated 2 U.S.C. §§ 441b(a).[1]

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1. Also on that date the Commission determined that there was reason to believe the following corporations violated 2 U.S.C. § 441b(a): Frankland and Leinhard, Inc.; the Monarch Group, Inc.; Office Liquidators, Inc.; Tally Ho Motor Inn, Inc.; and Merchant's Office Furniture. The Commission further determined that there was reason to believe the Colorado Democratic Federal Campaign Committee (Federal Account/Non-Federal Account) and Martha M. Ezzard, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a). Additionally, the Commission determined that there was reason to believe the Volunteer Committee and Michael Moore, as treasurer, violated 2 U.S.C. § 441b(a). The Commission also found reason to believe the Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a). The Commission took no further action as to these last two possible violations.

II. REQUESTS FOR PRE-PROBABLE CAUSE CONCILIATION

To date, this Office has received numerous responses, including requests for extensions of time to respond.[2] Three of the respondents, YCS Investments, Inc., Albert H. Gersten, and the Gersten Companies, Inc. have also requested conciliation prior to a finding of probable cause to believe. As discussed below, this Office recommends that this request be granted as to YCS Investments, Inc., but because outstanding questions of fact remain as to Albert Gersten and his corporation, this Office recommends that those requests be denied.

A. YCS Investments

The First General Counsel's Report in this matter noted that YCS Investments, Inc. was one of many corporations that had made prohibited contributions to the Hart Committee. See General Counsel's Report signed October 3, 1990 at p. 9. The audit referral from which the MUR was generated indicated that the contribution date was April 22, 1987 and that the amount contributed was $1,000.

YCS Investments, Inc. admits that it made the contribution in question. Additionally, at the request of this Office it supplied all documents and materials relating to this contribution. See Attachment 1. The contribution check indicates that the check was

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2. These responses include a substantive response from Tally Ho Motor Inn, asserting that it is not a corporation and thus did not violate the Act's prohibition regarding corporate contributions. Additionally, Office Liquidators, Inc., the Hart Committee and the Monarch Group, Inc. all requested and received extensions of time to respond to the Commission's reason to believe determinations. The latest of these responses is due on January 24, 1991.

made out to "Friends of Gary Hart 1988" and dated April 13, 1987.[3] The accompanying documentation includes an invitation to an April 16, 1987 fundraising event in California. Respondent has also provided a copy of a refund check issued by the Hart Committee on June 29, 1988, well over a year after the Hart Committee's receipt of this prohibited contribution.

Because there are no outstanding questions of fact, this Office recommends that the Commission enter into conciliation prior to a finding of probable cause to believe with YCS Investments, Inc. Accordingly, attached for Commission approval is a proposed conciliation agreement

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B. Albert H. Gersten and the Gersten Companies

1. Bases of the Violations

The Commission also found reason to believe Albert H. Gersten violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a). Additionally, the Commission found reason to believe the Gersten Companies, Inc.

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3. This Office attached two sample factual and legal analyses to the General Counsel's Report signed October 3, 1990. One sample was for straightforward corporate contributions. The other was for in-kind contributions initially received by the Volunteer Company from checks made payable to Stratton and Associates, and subsequently reported by the Hart Committee as testing the waters activity. Through inadvertence, YCS Investments, Inc. was sent the latter factual and legal analysis rather than the former. Thus, its response notes it cannot identify any checks made payable to the Volunteer Committee or Stratton and Associates, but does include information regarding its prohibited contribution to the Hart Committee.

violated 2 U.S.C. §§ 441b(a). Underlying the Commission's determinations were the activities of Mr. Gersten and his corporation regarding the Hart Committee.

Specifically, based upon information uncovered during the course of the audit it appeared Mr. Gersten, after making the maximum permitted contribution, made two sets of in-kind contributions by advancing funds on behalf of the Hart Committee. The first set involved funds Mr. Gersten advanced personally. These funds totaled $9,534.91 and included funds expended for office equipment ($7,887.70), campaign buttons ($1,140.18) and transportation costs ($415) and cellular phone service ($92.03). Following a request for repayment, the Committee paid Mr. Gersten $3,000 on May 10, 1988.[4] The Hart Committee made a second payment of $2,317.02 to Mr. Gersten on June 17, 1988.[5]

The second set of contributions involved other in-kind contributions made by Mr. Gersten's corporation that were also in the form of advances on behalf of the Hart Committee. These advances were for goods and services for a Hart Committee fundraising dinner. As noted in the General Counsel's report, on

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4. Mr. Gersten paid for some of these items using personal checks ($3,621) and used a credit card for others ($1,496 and $415 for travel). The auditors could not locate any documentation regarding the sources used to pay for two FAX machines ($2,770.70) and for campaign buttons. In several instances Mr. Gersten used his business tax exempt status and his business address when purchasing these items.

5. The parties reached this amount pursuant to an agreement whereby the Committee would return some of the equipment, paying 25% of the purchase price as a rental fee (a $2,317.02 credit). Thus, the Committee calculated the debt total as $3,710.86 ([$9,027.88 - $3,000] - $2,317.02). This amount excluded the funds expended for cellular telephone services.

April 21 and May 7, 1987 the Committee made two $11,555.72 payments repaying certain debts. One payment was to the Gersten Companies, Inc.; the other was to Mr. Gersten personally. The Committee reported the purposes of these disbursements as entertainment services, personnel expenses, space rental, printing and duplication, postage and delivery, and food and beverages.[6]

These disbursements were further explained in a September 20, 1988 letter from the Committee explaining that Gersten Companies, Inc. paid $23,111.44 in expenses for a January 29, 1987, dinner honoring Senator Hart. The Corporation paid these expenses between November 11, 1986 and February 29, 1987 using twenty-two separate checks drawn on the "Special Projects" account of the Gersten Companies, Inc. Also provided were copies of the Committee's reimbursement checks. One was dated April 21, 1987, and was payable to the previously noted Special Projects account. The other was a cashier's check dated May 7, 1987, and payable to Mr. Gersten personally.

2. Need For Continuing Investigation

As previously noted, Mr. Gersten and the Gersten Companies, Inc. have requested pre-probable cause conciliation. Nevertheless, there are a number of outstanding questions regarding the transactions described above. These include why Mr. Gersten and his corporation made these expenditures, whether they were directed to do so by the Hart Committee, whether all expenditures made have been discovered, and whether goods and

6. The Committee's disclosure reports, however, listed both disbursements as made to Mr. Gersten.

2404360319

services have been properly valued.[7]

The Commission previously authorized a subpoena for deposition to Mr. Gersten. In the opinion of this Office this investigation may best be expedited by deposing Mr. Gersten. Accordingly, this Office recommends that the Commission reject the requests of Albert H. Gersten and the Gersten Companies, Inc. for conciliation at this time. After conducting the deposition, this Office will report to the Commission with appropriate recommendations.

III. RECOMMENDATIONS

1. Enter into conciliation prior to a finding of probable cause to believe with YCS Investment Company, Inc.

2. Decline to enter into conciliation prior to a finding of probable cause to believe with Albert H. Gersten and the Gersten Companies, Inc. at this time.

3. Approve the attached conciliation agreement and appropriate letter.

1/25/91
Date

Lawrence M. Noble
General Counsel

Attachments
1. YCS Conciliation Request
2. Gersten Request
3. Proposed Agreement

Staff person: Patty Reilly

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7. These concerns are heightened by testimonial evidence obtained in MUR 2583, a related matter addressing possible excessive and corporate contributions made to the Hart Committee by Stuart Karl and his corporation. Mr. Karl testified that individuals associated with the Hart Committee made representations to contributors regarding the propriety of advances made by corporations, nothwithstanding the provisions of the FECA. This is an issue this Office also wishes to explore in Mr. Gersten's deposition.

2436043320

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Friends of Gary Hart and Stephen Alfers, as treasurer;	)	MUR 3020
YCS Investment Company, Inc.;	)	
Albert Gersten;	)	
the Gersten Companies, Inc.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 30, 1991, the Commission decided by a vote of 5-0 to take the following actions in MUR 3020:

1. Enter into conciliation prior to a finding of probable cause to believe with YCS Investment Company, Inc.

2. Decline to enter into conciliation prior to a finding of probable cause to believe with Albert H. Gersten and the Gersten Companies, Inc. at this time.

3. Approve the conciliation agreement and appropriate letter, as recommended in the General Counsel's Report dated January 25, 1991.

Commissioners Aikens, Elliott, Josefiak, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald did not cast a vote.

Attest:

Jan 31, 1991
Date

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

Received in the Secretariat: Fri., Jan. 25, 1991 5:20 p.m.
Circulated to the Commission: Mon., Jan. 28, 1991 11:00 a,m.
Deadline for vote: Wed., Jan. 30, 1991 11:00 a.m.

2 4 0 4 3 6 0 4 3 2 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

February 12, 1991

David L. Ainbender, Esquire
Kelly, McAuliffe, Siemens & Ryan
2049 Century Park East
Suite 1350
Los Angeles, CA 90067

RE: MUR 3020
YCS Investments, Inc.

Dear Mr. Ainbender:

On October 16, 1990 the Federal Election Commission found reason to believe that your client, YCS Investment, Inc. violated 2 U.S.C. § 441b(a). At your request, on January 25, 1991, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Patty Reilly the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

2 4 0 4 3 6 0 4 3 2 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 12, 1991

Tom K. Houston, Esquire
Carlsmith, Ball, Whichman,
Murray, Case, Mukai & Ichiki
515 South Figueroa Street
Manulife Building, 9th Floor
Los Angeles, CA 90071

RE: MUR 3020
Albert Gersten
The Gersten Companies, Inc.

Dear Mr. Houston:

On November 27, 1990, you were notified that the Federal Election Commission found reason to believe that your client, Albert Gersten violated 2 U.S.C. §§ 441a(a)(1)(A)and 441b(a). Also on that date the Commission found reason to believe that your client, The Gersten Companies, Inc. violated 2 U.S.C. § 441b(a). On December 12, 1990, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission has reviewed your request and determined to decline at this time to enter into conciliation prior to a finding of probable cause to believe because additional information is necessary. In order to obtain this information, the Commission has authorized a subpoena requiring Mr. Gersten to appear and give sworn testimony regarding activities of the 1988 Friends of Gary Hart. Upon your receipt of this letter, please contact Patty Reilly of the Office of the General Counsel in order that we may schedule this deposition. Once we have agreed upon a date, this Office will forward the subpoena.

At such time when the investigation in this matter has been completed, the Commission will reconsider your request to enter into conciliation prior to a finding of probable cause to believe.

2404360433 23

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

24043604324

OGC 0031

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 FEB -7 AM 10:20

LAW OFFICES
SONOSKY, CHAMBERS & SACHSE
SUITE 1000
1250 EYE STREET, N.W.
WASHINGTON, D.C. 20005
(202) 682-0240
TELECOPIER (202) 682-0249

MARVIN J. SONOSKY
HARRY R. SACHSE
REID PEYTON CHAMBERS
WILLIAM R. PERRY
LLOYD BENTON MILLER
DONALD J. SIMON
DOUGLAS B. L. ENDRESON*
MARY V. BARNEY
ANNE D. NOTO
SAMUEL L. WINDER**

*ADMITTED IN WISCONSIN
**ADMITTED IN NEW MEXICO

ANCHORAGE OFFICE
SUITE 700
900 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 258-6377
TELECOPIER (907) 272-8332

LLOYD BENTON MILLER
JILL A. DE LA HUNT

OF COUNSEL
ROGER W. DuBROCK

February 5, 1991

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

91 FEB -7 PM 1:14

Patty Reilly, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3020

Dear Ms. Reilly:

This is to confirm our telephone conversation of January 31 in reference to MUR 3020. On behalf of Friends of Gary Hart - 1988, Inc, I requested the opportunity to submit a memorandum containing the Committee's views on the various issues raised in this matter. You agreed to this and stated that internal deadlines relating to our request for pre-probable cause conciliation would be tolled pending the submission of our filing.

I do wish to affirm, however, that the Committee desires to pursue pre-probable cause conciliation. We will submit our memorandum to you as expeditiously as possible.

Sincerely,

Donald J. Simon

DJS/cmt
Copy to:
Stephen D. Alfers, Esq.

2043603325

OGC 0236

DAVIS, GRAHAM & STUBBS

ATTORNEYS AT LAW

WASHINGTON D.C. OFFICE
SUITE 500
1200 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036-2402
TELEPHONE 202-822-8660

SUITE 4700
370 SEVENTEENTH STREET
DENVER, COLORADO 80202
MAILING ADDRESS
POST OFFICE BOX 185
DENVER, COLORADO 80201-0185
TELEPHONE 303-892-9400 TELEX 240451 DGS DVR
TELECOPIER 303-893-1379 CABLE DAVGRAM, DENVER

SALT LAKE CITY OFFICE
SUITE 1800-87
EAGLE GATE TOWER
60 EAST SOUTH TEMPLE
SALT LAKE CITY, UTAH 84111-1006
TELEPHONE 801-328-6000

ELIZABETH J. LENTINI
892-7465

March 4, 1991

COPY BY FAX TO (202) 376-5280
Original by Federal Express

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
91 MAR -5 AM 10:47

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 MAR -5 PM 12:40

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 21463
Attention: Patty Reilly, Esq.

Re: MUR 3020

Dear Commissioners and Ms. Reilly:

This letter is being submitted by the Colorado Democratic Party State Central Committee and Martha M. Ezzard, its Treasurer (collectively referred to as "CDP") in response to numerous questions raised by Ms. Reilly during a meeting with Elizabeth Lentini on February 6, 1991.

1. Was there a written sub-lease between CDP and Friends of Gary Hart (FOGH)? There was no written sub-lease between CDP and FOGH. However, as indicated in Exhibit A hereto, the outlines of the agreement between CDP and FOGH were formalized in a letter from Buie Seawell to William Dixon on December 16, 1986. The written lease between CDP and its landlord specifically allowed sub-leasing of the space and specifically limited such sub-leasing to offices for political campaigns. Therefore, CDP's options were quite limited as to whom it could sub-lease its space. The lease did not require that any sub-lease be in written form.

2. Were there written reminders by CDP to FOGH to pay its rent? In December 1986, Ms. Sigrid Freese, Executive Director of CDP, wrote two letters to FOGH detailing amounts due from FOGH to CDP (see Exhibit B hereto). As indicated in Exhibit A to CDP's response of January 24, 1991, she also prepared a detailed written invoice on May 11, 1987 detailing all amounts owed and requesting payment. In addition, Ms. Freese spoke by phone with representatives of FOGH very frequently during the period of their sub-lease. During these conversations she often requested FOGH's rental payments. In light of Ms. Freese's frequent telephone contact with FOGH, her lack of secretarial

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assistance, and her enormous number of other day-to-day responsibilities, additional written reminders would have been burdensome and unnecessary.

3. What dates did FOGH and CDP occupy the space in question? CDP originally leased the 6th floor of 1600 Downing Street in June 1986. From June 1986 to November 1986 the majority of the space was used as headquarters for the CDP's coordinated campaign.

After the 1986 election, CDP entered into a new lease for the 5th and 6th floors of 1600 Downing Street. CDP planned to move into one of the floors at 1600 Downing in June 1989, after the expiration of its four-year lease at 1728 Downing Street, or earlier if possible, because (a) the space worked well for its intended use, (b) CDP had previously made a significant investment in 1600 Downing by having 40-60 telephone lines installed for the coordinated campaign and (c) 1728 Downing Street was not accessible to the disabled. The other floor would be used periodically by the coordinated campaign and for an in-house telemarketing operation under consideration.

FOGH occupied CDP's space at 1600 Downing Street from December 1986 until May 1987. When FOGH moved out of 1600 Downing Street CDP could not afford to pay rent on two leases, so it negotiated an early termination of its lease at 1728 Downing Street (for which it paid approximately two months' rent as penalty), and in July 1987 moved its headquarters to 1600 Downing Street. As indicated on Exhibit C hereto, CDP requested payment from FOGH for expenses incurred because of FOGH's unexpected departure from 1600 Downing.

4. Was the rental charged FOGH consistent with the rental charged prior to and after FOGH's occupancy? Yes.

5. Were the offices furnished prior to FOGH's occupancy? The participants in the 1986 coordinated campaign gathered a small amount of extremely run-down and dilapidated office furniture (for example, approximately eight desks with missing drawers, several chairs with missing legs, a few folding tables, etc.) All this furniture had been acquired (or assembled) from a wide variety of sources. CDP left this material in place, to avoid the cost and effort of removing it. The furniture remained in the offices after FOGH's occupancy.

6. Describe the nature of the telemarketing services provided by FOGH to CDP. FOGH performed telemarketing services for CDP as described below:

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A. solicited ticket sales to CDP's annual Jefferson and Jackson Day dinner (script attached as Exhibit D hereto);

B. solicited membership in the CDP's Century Club (script attached as Exhibit E hereto); and

C. gathered names of newly elected county chairs.

FOGH did not solicit money or information (such as polling) for its own purposes while performing telemarketing services for CDP.

The transaction between FOGH and CDP meets any rational definition of commercial reasonableness for real estate transactions in Denver during this time period. For example, during the time period in question it was not unusual for landlords in Denver never to be paid rent by their tenants. (Commercial landlords commonly offered one or two years rent-free to their commercial tenants on the condition they committed to staying in the leased premises a certain number of years after the end of the rent-free period. Tenants commonly breached these agreements by moving out of the leased premises when the rent-free period had elapsed.) CDP continues to strongly believe, for these reasons and the reasons set forth in our January 24, 1991 submission that none of CDP's expenditures on behalf of FOGH, for which it was fully reimbursed, should be treated as contributions by CDP to FOGH.

Because none of these expenditures were contributions, the source of funds used by CDP to make these expenditures is irrelevant.

We would appreciate your consideration of this information along with the information provided to you in our responses of January 24 and January 25, 1991.

Very truly yours,

Richard W Daily IKE

Richard W. Daily
and

Elizabeth J. Lentini
for
DAVIS, GRAHAM & STUBBS

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COLORADO
DEMOCRATS
Colorado Business and Economics Council

December 11, 1986

Mr. William Dixon
Suite 500
1600 Downing St.
Denver, Colorado 80218

Dear Bill;

As Denver is beginning to thaw after several days of below zero weather, I've been thinking of you on your sailboat. Store up the sun, sand and sea...you'll need those memories to sustain you through our winter.

I've just signed the 1600 Downing lease and written the initial check so you are ready for business. As the attached breakdown shows, the Party needs to receive an additional $3,133.00 to cover our costs of this operation. $2,800.00 is to repay us for the rent we had prepaid and the original security deposit, and the $133 is just the amount that exceeded my $11,000 estimate. I'm sorry I mislead you about the total cost...I was giving you the figure I was getting from the leasing agent, forgetting that he was factoring in our prepaid rent and deposit.

Our margin of survival is slim, as always, so if you can come up with any of this before the end of the year, it would help. At the very latest I need it by January 10, as Buie has to make a report to the Executive Committee on January 12, and the healthier our books appear, the better off he will be.

We're looking forward to having you up the street. Thanks for your help.

Sincerely,

Sigrid H. Freese

EXHIBIT B

Colorado Democratic Party
Box 300336
Denver, Colorado 80203
Telephone 303-[illegible]

COLORADO
DEMOCRATS

[redacted]

December 16, 1986

[redacted]

Mr. William Dixon
Friends of Gary Hart
1600 Downing St., 5th floor
Denver, Colorado 80218

Dear Bill;

I wanted to formalize the several conversations we have had over the past months about the sharing of space and telephones at 1600 Downing. There are two main points. First, we are in the middle of analyzing whether the Party can establish and maintain its own telemarketing operation. We should finish this analysis in early 1987. In the meantime, because we want to reserve the right to use thirty of the existing phone lines during 1987 and 1988 for telemarketing and candidate polling, we are willing to pay half the deposit for the lines and equipment. We can reach an agreement later on specific arrangements for when we will want to use the phones.

On the space question, we are again analyzing whether the Party should move its total operation to 1600 Downing. I have gone ahead and leased the space because we really need the handicapped accessibility, based on our current landlord's assurance that we can get out of our four year lease with him whenever we want to. For the moment, we have arranged to have our offset press moved into your workroom, and members of my staff will be in and out doing various printing jobs in the months to come. Of course, we will also pay our share of the space occupied by the phone bank, whether or not we decide to move all of us.

Does the above conform to your thinking? Give me a call if we need further discussion.

Sincerely yours,

Buie Seawell, Chairman

[redacted]

[redacted]

EXHIBIT A

Colorado Democratic Party
Box 300338
Denver, Colorado 80203

COLORADO
DEMOCRATS
Colorado Democratic Party

December 30, 1986

Dear Bill,

This is letter #2 regarding expenses at 1600 Downing. #1 deals with the payments on the lease, return of deposit, etc. Now for the telephones.

As the attached copies of bills will show, we have incurred expenses for leased equipment of $140.72, and for keeping the telephone lines in place of $4,793.12.

As these expenses also relate to our future joint use of the phones we are prepared to pay for halp the cost of keeping the lines in place betweenNovember 6 and January 1 which would be $2,466.92. At a later date we can discuss how to prorate the cost based on our usage.

I would appreciate receiving a check to cover to above amount as soon as possible.

Sincerely,

Sigrid H. Freese

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Buie Seawell, *Chairman*
Marge Price, *First Vice-Chair*
Tom Oliver, *Second Vice-Chair*
Tom Tayon, *Secretary*
Chris Gates, *Treasurer*
Kathy Farley, *DNC Member*

1728 Downing Street
Denver, Colorado 80218
Telephone: 303-830-8989

COLORADO
DEMOCRATS

December 22, 1987

David Miller
630 Emerson Street
Denver, Colorado 80218

Dear David;

Here is a copy of the final accounting that I mentioned to you recently. Now that the renewed campaign will have demands on any money that the court releases, my request is probably moot, but any reimbursement for these expenses would be gratefully received. We are in a real financial hole, at least in part because of moving expenses.

Thanks for your consideration.

Sincerely,

Sigrid

Sigrid Freese

cc: Patti Sampers

EXHIBIT C

Colorado Democratic Party
Box 300338
Denver, Colorado 80203
Telephone: 303-830-8989

COLORADO
DEMOCRATS

July 20, 1987

David Miller
Friends of Gary Hart
c/o Arthur Young
707 17th St., Suite 3800
Denver, CO 80202

Dear David;

I am at last prepared to give you a final figure on the costs to the State Party of our association with the Friends of Gary Hart campaign. As I told you earlier, the building management at 1600 Downing is insisting that we honor the lease in some form equilvalent to what they expected to receive during the duration of the Hart campaign. We therefore are having to sign a three year lease on the sixth floor, beginning August 1. Our current landlord has agreed to release us from the remaining two years of our lease at 1728 Downing, but is requiring us to pay a two month penalty. This payment of double rent is burdensome to say the least.

The detail below shows the costs connected with the move.

Penalty rent on 1728 Downing	-	$3.960 (2 mo. @ $1,980)
Carpet cleaning at 1600	-	540
Move 8 telephone lines	-	748
Furniture moving	-	1,100
		$6,348

If the campaign is in a position to give us any help with these expenses, it would be greatly appreciated.

Sincerely,

Sigrid H. Freese

Colorado Democratic Party
Box 300338
Denver, Colorado 80203

March 21st.

call only names marked with a straight RED line to the left.

Message for people who have agreed to be patrons of the J-J or who have bought ads, but who have not yet gotten tickets to the dinner.

Hi, this is _____ and I'm calling for the Jefferson-Jackson Day Celebration ticket committee. I know you are a patron (or have and ad in the program), and we really appreciate your helping to underwrite our expenses. But we really need people there too for the event to be a true celebration and a financial success. Are you making plans to attend?

If they say NO, or(I haven't made up my mind,)say something like"Oh that's really too bad" (or I hope you'll decide t o come), it's going to be such a great evening. Did you know it's only $35/person, the cheapest J-J in years, and that includes dinner, entertainment and dancing by the Nacho Men, a really good political comedian, and a wonderful silent auction? It's all at the Radisson, starting at 6PM and Gov. Romer, Tim Wirth and all the top Democratic leaders in Colo. are going to be there to celebrate what a great year it's been. Won't you try to join them?

March21

If they say YES and want to get tickets, they can call Janet at 830-8989 and give her a credit card number, or they can send a check for $35/person to the Colo. Democratic Party, 1728 Downing St., Denver, CO 80218. Reservations should be in by Wednesday, March 18.

Questions you might be asked.

1..Who is the speaker? We are not having an out-of-state politician speak this year. Our emphasis is on celebration and Gov. Romer, Sen. Wirth, Cong. Skaggs, Schroeder & Campbell will be making SHORT speeches and helping auction off some of the most interesting items.

2. Will you be selling tickets at the door? Only a very limited number so its better to get yours in advance.

3. Can I get a reserved table? We are reserving tables for groups of 10 people who let us know they want to sit together. Some counties and house districts are getting tables together.

4. Who are the Nacho Men? A group of 5 Denverites who sing songs from the 40's & 50's acapella (without accompaniment) and who play dance music from the 50's

5. Who is the comedian? Top secret, but he does great political imitations.

6. What is the dinner money being used for? To help pay off the debts the Party incurred in the 1986 election campaign.

More questions?? Call State Headquarters at 830-8989.

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EXHIBIT D

CENTURY CLUB TELEMARKETING SCRIPT

Good evening, this is (insert name). I'm calling on behalf of the Colorado Democratic Party's Century Club. As you know, the Century Club is one of the major sources of financial support for both the County Party Organizations and the State Party so we're calling all our past members who didn't renew their membership in 1986. Now that the financial demands of the election are over, we hope you'll consider rejoining the Century Club. Can we count on your support with a $100 contribution this year?

(IF SOME SAY THEY'VE ALREADY PAID, THANK THEM VERY MUCH AND TELL THEM ABOUT THE RECEPTION FOR CENTURY CLUB MEMBERS AT THE GOVERNOR'S MANSION.)

(IF THEY SAY YES, THANK THEM VERY MUCH AND GIVE THEM THE THREE OPTIONS FOR PAYING:

1) a check for the full amount made out to the

Colorado Democratic Party
P.O. Box 300338
Denver, CO 80203

2) a quarterly payment of $25 to the same address. We will be sending reminders for their convenience

3) an Automatic Bank Withdrawal of $8.50/month. If they choose this plan, tell them they will be receiving a form from the Party to handle the paperwork of the arrangement, and, to explain how it works.

TELL THEM THEY HAVE RENEWED IN PLENTY OF TIME TO RECEIVE THE CENTURY CLUB PIN, AND, TO PLEASE JOIN OTHER MEMBERS AND ELECTED OFFICIALS AT A CENTURY CLUB RECEPTION AT THE GOVERNOR'S MANSION ON MARCH 21, 1987, FROM 4:30-6:00 PM.)

(IF THEY SAY NO OR NOT SURE, REMIND THEM IF THEY CHANGE THEIR MIND THEY WILL HELP THE PARTY IN A MAJOR WAY, AND, BE ABLE TO JOIN US AT THE CENTURY CLUB RECEPTION AT THE GOVERNOR'S MANSION BEFORE THE JEFFERSON-JACKSON DAY CELEBRATION.

REGARDLESS OF THE RESPONSE, THANK THEM FOR TAKING THE TIME TO TALK WITH YOU.

PLEASE NOTE ON THE CALLING SHEET IF PEOPLE GIVE A REASON WHY THEY WON'T JOIN. VERIFY ADDRESS AND NOTE ANY CHANGE OF PHONE NUMBER. FINALLY, BE SURE YOU LIST EACH RESPONSE (YES, NO, MAYBE) AND IF YES, THE METHOD OF PAYMENT)

EXHIBIT E

2043604335

OGC 0285

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 MAR -8 PM 12:15

CARLSMITH BALL WICHMAN MURRAY CASE MUKAI & ICHIKI

ATTORNEYS AT LAW
A PARTNERSHIP INCLUDING LAW CORPORATIONS
515 SOUTH FIGUEROA STREET
MANULIFE PLAZA, NINTH FLOOR
LOS ANGELES, CALIFORNIA 90071

TELEPHONE (213) 955-1200
FAX (213) 623-0032
(213) 624-7183

HONOLULU OFFICE
TELEPHONE (808) 523-2500
FAX (808) 523-0842

LOS ANGELES-DOWNTOWN OFFICE
TELEPHONE (213) 955-1200
FAX (213) 623-0032

LOS ANGELES-WILSHIRE OFFICE
TELEPHONE (213) 937-8999
FAX (213) 935-0493

LONG BEACH OFFICE
TELEPHONE (213) 435-5631
FAX (213) 437-3760

GUAM OFFICE
TELEPHONE (671) 472-6813
FAX (671) 477-4375

HILO OFFICE
TELEPHONE (808) 935-6644
FAX (808) 935-7975

KONA OFFICE
TELEPHONE (808) 329-6464
FAX (808) 329-9450

MAUI OFFICE
TELEPHONE (808) 242-4535
FAX (808) 244-4974

SAIPAN OFFICE
TELEPHONE (670) 322-3455
FAX (670) 322-3368

WASHINGTON, D.C. OFFICE
TELEPHONE (202) 628-4566
FAX (202) 628-4845

Direct Dial No.:
955-1222

Our Reference No.:

February 28th, 1991

Patty Reilly
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

91 MAR -8 PM 9:50
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

Re: MUR 3020
Albert Gersten
The Gersten Companies, Inc.

Dear Ms. Reilly:

I am in receipt of the Federal Elections Commission's letter of February 12th, 1991 concerning the above captioned matter. I attempted to contact your office last week but you were out of the office until February 25th. Unfortunately, I will be on vacation until March 5th, 1991, but will contact you as soon as I return to work.

I will need to know the scope of the referenced deposition and subpoena which are referenced in the Federal Election Commission's letter. It would be my desire to submit an affidavit or affidavits (with supporting documents) in the hope of avoiding the necessity for formal depositions.

By way of background, Mr. Gersten has been experiencing financial setbacks, and therefore has not been able to assemble all the background information I need to prepare detailed affidavits. Preliminarily, however, I would note that all checks written by The Gersten Companies, Inc. for expenditures associated with the 1988 Friends of Gary Hart

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Committee were written out of a special "personal expense advance account" for Mr. Gersten. This account is routinely used to advance Mr. Gersten monies for his personal and charitable expenditures and Mr. Gersten has always treated funds in this account as his personal rather than corporate funds. Thus, Mr. Gersten is in the habit of making most of his charitable contributions from this account as well as utilizing checks from this account to pay for his personal vacations, lodging expenses, meals, etc. Further, once funds are deposited in this "advance" account they are treated by the Gersten Companies as Mr. Gersten's personal funds and not corporate funds. At the end of each year, The Gersten Companies issue to Mr. Gersten a 1099 tax form covering expenditures made from this special account.

With regard to equipment which was leased to the Hart Committee, Mr. Gersten expected to and did receive rent payments for such equipment. In addition, all such equipment was returned to Mr. Gersten. As I stated in my letter of December 10th, 1990, Mr. Gersten did not realize or have any knowledge that the purchase and lease of such equipment to the Gary Hart Campaign Committee could constitute a contribution. Mr. Gersten was also not aware that reimbursable advances made for fundraisers and other Hart Committee activities might constitute contributions.

Before closing, I am a bit confused concerning the allegation that Mr. Gersten or The Gersten Companies, Inc. somehow utilized their "business tax exempt status" to assist the Hart Committee. Neither Mr. Gersten or The Gersten Companies, Inc. has any tax exempt status.

Again, it would be my intention to embody the above information into formal affidavits and to assemble relevant documents to demonstrate the above facts.

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I will look forward to talking to you upon my return to the office on March 7th, 1991.

Sincerely,

Tom K. Houston

Tom K. Houston
Counsel for
Albert Gersten, Jr.
The Gersten Companies, Inc.

TKH/ml
cc: Albert Gersten, Jr.
Marty Collier

2404360433 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

March 12, 1991

FEDERAL EXPRESS

Tom K. Houston, Esquire
Carlsmith, Ball, Wichman,
Murray, Case, Mukai & Ichiki
515 South Figueroa Street
Manulife Building, 9th Floor
Los Angeles, CA 90071

RE: MUR 3020
Albert Gersten
The Gersten Companies, Inc.

Dear Mr. Houston:

This is to confirm your March 7, 1991 telephone conversation with Patty Reilly of this Office regarding the deposition of your client in the above-captioned matter. As Ms. Reilly stated, the Commission has authorized a subpoena for your client and thus, we would prefer to take his testimony rather than rely on affidavits.

Accordingly, enclosed please find the Commission's subpoena to Mr. Gersten. Please note that we have set the date for the deposition for April 12, 1991, subject to the availability of your client. Once we have confirmed the date, we will schedule a time and place.

Please contact Ms. Reilly upon your receipt of this letter at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Jonathan Bernstein
Assistant General Counsel

Enclosure

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 3020)

SUBPOENA

TO: Albert Gersten, Jr.
c/o Tom K. Houston, Esquire
Carlsmith, Ball, Wichman, Murray,
Case, Mukai, and Ichiki
515 South Figueroa Street
Manulife Plaza, Ninth Floor
Los Angeles, CA 90071

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 3020. Notice is hereby given that the deposition is to be taken on April 12, 1991 beginning at 9 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C., on this 11th day of March, 1991.

John Warren McGarry
Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

April 2, 1991

Tom K. Houston, Esquire
Carlsmith, Ball, Wichman,
Murray, Case, Mukai & Ichiki
515 South Figueroa Street
Manulife Building, 9th Floor
Los Angeles, CA 90071

RE: MUR 3020
Albert Gersten
The Gersten Companies, Inc.

Dear Mr. Houston:

This is to confirm the April 12, 1991 deposition of your client in the above-captioned matter. The deposition will take place at the United States Attorney's Office, Room 7516, 300 North Los Angeles Street, Los Angeles, California Room, starting at nine a.m.

In order that we may pay your client his witness fee, please contact Ms. Reilly regarding Mr. Gersten's mileage to the deposition site. If you have any questions please contact Ms. Reilly, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

By: Jonathan Bernstein
Assistant General Counsel

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File No. ● ● ORIGINAL

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BEFORE THE FEDERAL ELECTION COMMITTEE

In Re The Matter of:)
Mur: 3020)
)

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 APR 26 PM 12:37

DEPOSITION OF ALBERT HARRIS GERSTEN, JR.

Friday, April 12, 1991

CONFIDENTIAL

REPORTED BY JONNELL AGNEW, CSR NO. 5437

Jonnell Agnew & Associates

CERTIFIED SHORTHAND REPORTERS

7603 E. FIRESTONE BOULEVARD, SUITE A2,
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BEFORE THE FEDERAL ELECTION COMMITTEE

In Re The Matter of:)
Mur: 3020)
_____)

DEPOSITION OF ALBERT HARRIS GERSTEN, JR., taken on behalf of The Federal Election Committee, at 300 West Los Angeles Street, 7th Floor, Los Angeles, California, commencing at 9:10 a.m., on Friday, April 12, 1991, pursuant to Subpoena, before JONNELL AGNEW, CSR NO. 5437, a Notary Public in and for the County of Los Angeles, State of California.

***

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Appearances:

For the Federal Election Commission:

FEDERAL ELECTION COMMISSION
BY: PATTY REILLY, ATTORNEY-AT-LAW
JONATHAN A. BERNSTEIN, ESQ.
999 East E Street N.W.
Washington, DC 20463
(202) 376-8200

For the Witness:

CARLSMITH, BALL, WICHMAN, MURRAY, CASE, MUKAI & ICHIKI
BY: THOMAS K. HOUSTON, ESQ.
515 South Figueroa Street
Los Angeles, California 90071
(213) 955-1222

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I N D E X

WITNESS

Albert Harris Gersten, Jr.

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QUESTIONS INSTRUCTED NOT TO ANSWER

None.

INFORMATION REQUESTED

None.

Los Angeles, California, Friday, April 12, 1991

9:10 a.m.

ALBERT HARRIS GERSTEN, JR.,

called as a witness by and on behalf of the Federal Election Commission, being first duly sworn, was examined and testified as follows:

EXAMINATION

BY MS. REILLY:

Q. We are here in the Los Angeles Federal Building on April 12, 1991, taking the deposition in the matter under review Mur 3020. This investigation is conducted pursuant to the Commission Subpoena Powers Section 2USC437GA.

That statute provides that this investigation is confidential. Consequently you are precluded from discussing the testimony you give today with anyone other than your lawyer.

Do you understand that?

A. Yes.

Q. Would you state your name, please.

A. Albert Harris Gersten, Jr.

Q. And your address?

A. Home or business?

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Q. Home, please.

A.

Q. And your telephone number, please.

A.

Q. Mr. Gersten, have you had your deposition taken before?

A. Yes.

Q. So you are familiar with this procedure?

A. Well, I had it taken once.

Q. Let me review a few things with you. I am going to be asking you a series of questions relating to your activities as explained in the Commissions Fact Rule Legal Analysis as well as activities relating to your corporation and as well as activities relating to Gary Hart and persons associated with Gary Hart. It is very important that you answer my questions verbally since the court reporter can't record gestures.

Do you understand that?

A. Yes.

Q. It is also very important that you answer each question fully and completely; do you understand that?

A. Yes.

Q. If you don't understand a question, please let me know and I will try to rephrase it or restate it for

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you. Unless you tell me you don't understand a question, I am going to presume that you do understand it and I am going to further presume that you have answered it fully and completely.

Do you understand that?

A. Yes, I do.

Q. If at any time you want to change your answer or modify your answer, please let me know and I will be happy to give you an opportunity to do so.

Do you understand that?

A. Yes.

Q. You have just taken an oath to swear to tell the truth. You should treat your testimony today here as though you are testifying before a court of law.

Do you understand that?

A. Yes.

Q. If at any time you want to take a break, please let me know and we will be happy to go off the record for you.

Are you represented by counsel here this morning?

A. Yes, I am

Q. Who is your counsel?

A. Thomas Houston.

Q. Did you review any documents before coming

to the deposition?

A. Yes.

Q. And what documents did you review?

A. A record of checks that had been sent out through one of the accounts of Gersten's Record Company.

Q. Did you review any other documents?

A. I did, yes. I looked through a group of old files.

Q. What was in those files?

A. A description of the Gary Hart campaign. Most of the information was related to fund-raising, invitation list, fund-raising parties, solicitation lists like for telephone calls and then their responses or whether they sent contributions and then there might be in some cases, I think, there were copies of checks, probably in all cases.

Q. And that file is located where?

A. In my office in Beverly Hills.

Q. Did you review any other documents?

A. No.

Q. Did you discuss the testimony that you are about to give with anyone other than your lawyer?

A. No.

Q. What is your occupation, Mr. Gersten?

A. I am in the building business and the fast

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food business.

Q. In terms of the building business, what sort of buildings do you build?

A. Actually it is a real estate company that does apartment management and has over the last 50 years. The business has been inactive in construction in the last 10 years, 8 to 10 years, but preceding that built apartments and single family homes.

Q. And what is your title within this organization?

A. I am the president.

Q. Do you hold any other titles within the organization?

A. I am also the chairman of the board of directors.

Q. Is there anyone else who is in management in this organization?

A. Yes, there are many. Today or past?

Q. Today.

A. Yes.

Q. How many people are there?

MR. HOUSTON: What do you mean by "management"?

THE WITNESS: Do you want me to go through the number of officers --

///

BY MS. REILLY:

Q. Please.

A. -- to the best of my recollection today?

Q. Sure.

A. There is a board of directors of three, which would be myself, Bernice Ann Gersten, another board member, and John Vanderzee, V-a-n-d-e-r-z-e-e, another board member.

There is a vice-president. I am not sure. I have not ever seen the vice-president, Martin Collier, C-o-l-l-i-e-r. There is Jonathan White. And this is in the management company. Probably there is Buddy Roemer. He is a past employee who is no longer with us, but I don't know if on the books he is today an officer or he was.

There are other people in the company itself. I am not sure if they are titled officers.

Q. Approximately how many other people are in the company?

A. 150 to 160.

Q. And these are people who are in the business of assisting you in managing apartments?

A. Well, they run the apartments themselves from the janitorial staff to the office staff, management staff.

Q. Approximately how many apartment units do

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you manage?

A. Approximately 3200.

Q. And this is in the Los Angeles area?

A. No, California.

Q. State wide?

A. State wide, from the Alameda area which is east San Francisco, then we have San Jose, Long Beach, Hawaiian Gardens and the San Diego area.

Q. And you also mentioned that there is a fast food component to your organization?

A. Gersten Management Company is involved with the real estate business only. I am personally involved in two franchise operations for the fast food business, one called Nevada Chicken Enterprises which is in the State of Nevada for El Pollo Loco, and the other is called M.A., "M," period, "A," period Burgers in California and "A," period, "M," period, Burgers in Nevada which operates the Rally's Hamburgers under the name Rally's Hamburgers, R-a-l-l-y-'-s.

Q. How long have you been involved with these franchises?

A. The El Pollo Loco Nevada Chicken Enterprise about four years, possibly five years, and the Rally Hamburgers, M.A. Burgers about two-and-a-half, possibly three years now.

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Q. You mentioned that there was a Bernice Ann Gersten --

A. Yes.

Q. -- on the board of directors?

A. Yes.

Q. Is she related to you?

A. She is my mother and also a stockholder in the company.

Q. Do you own the majority of stock in the company?

A. I own 100 percent of the common shares. My mother owns 100 percent of the preferred shares.

Q. How long have you been president of Gersten Construction?

A. Approximately 14 years.

Q. And prior to that, what was your occupation?

A. I was vice-president of Gersten Construction Company.

Q. And how long were you vice-president?

A. I am not sure. Probably another five years.

Q. Now, you stated there are approximately 150 to 160 people who work for Gersten Construction?

A. Management Company, yes. Gersten

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Construction is the parent. Gersten Management Company is the most active and only active entity, has most of those employees.

Q. In 1987 what would you estimate the size of the employees of Gersten Management?

A. Approximately the same, might have been two or three more people, maybe, in management.

Q. Are you married, Mr. Gersten?

A. Yes. I am in the process of a divorce.

Q. What is your wife's name?

A. Marilyn Mack Gersten.

Q. What is your educational background?

A. I am a college graduate, undergraduate degree.

Q. Where did you go to school?

A. I went first to Arizona -- University of Arizona and then graduated from Loyola University.

Q. In California?

A. Yes.

Q. Do you have any children?

A. I have two children.

Q. And what are their names?

A. Jennifer Ann Gersten and Albert Mack Gersten, III.

Q. And what are their ages?

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A. Jennifer is 12 and Albert is 9.

Q. Have you ever run for office, Mr. Gersten?

A. No, I have not.

Q. Have you ever worked in any political campaigns?

A. Yes, I have.

Q. Can you tell me a little bit about those?

A. I have worked as a volunteer for various city, state and federal -- this would be seekers of public office.

Q. Have you done any work on any ballot initiatives?

A. Yes.

Q. How long have you been working on political campaigns?

A. Not constantly, but as a volunteer on different campaigns which would be different durations of time, probably 12 years.

Q. And --

A. It could be more. It could be 13 or 14 years.

Q. What was the first campaign you worked on?

A. The first campaign I worked on was Carrie Peck for congress in 19. I don't know the year, but that was it.

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Q. Have you contributed to any political campaigns?

A. Yes.

Q. And that would be both federal and state?

A. Yes, as well as local.

Q. Do you recall when you made your first federal political campaign contribution?

A. I would -- I don't know exactly. I could guess that it was the same campaign that I worked in, but I don't remember.

Q. Can you name some of the federal candidates you have worked for?

A. Yes. I have worked for -- as individuals, federal campaigns?

Q. Yes.

A. Mel LeVine who ran for congress. Maybe you need to tell me what "worked for" means. Does that --

(A discussion was held off the record.)

MS. REILLY: Back on the record, please.

Q. While we were off the record, we discussed what we meant by the phrase "worked on" and Mr. Gersten would like to clarify what his activities were with the various campaigns.

A. Various campaigns had different levels of

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activity. In some, it was simply a solicitation of others to contribute to a candidate.

And in other campaigns, it was as much as strategizing on the operation of a campaign including policy, but the majority of my activities I would say were based around fund-raising and fund-raisers.

Q. What was some of the federal candidates that you had worked for?

A. Again, Mel LeVine who ran for congress, Alan Cranston who ran for senate. On the senate level, it would be Frank Laughtenberg who ran again for senate in New Jersey, Howard Metzenbaum in Ohio, Bob Graham in Florida.

In Louisiana, probably two or three different campaigns. I remember Sammie Nunez was from the area, Buddy Roemer, who ran for governor -- excuse me. That is not federal. I think he was, however, a congressman who ran for governor.

In Nevada, both senators actually who are now in office which would be Harry Reed and Dick Bryant. At one time, Pete Wilson for a short period.

People who have run for national office, federal office from California who have not gotten in that I probably can't remember right now, but there were some. Congressional, I think there were three or four. I just can't remember their names.

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Q. Have you supported any presidential candidates?

A. Yes.

Q. Who would they be?

A. Ronald Reagan, Gary Hart and George Bush. And post -- I don't know if post being in office -- Jimmy Carter through his library.

Q. Mr. Gersten, are you aware that the federal law regulates federal elections?

A. Yes.

Q. Have you ever heard of the Federal Election Commission?

A. Only in reference to newspaper articles and things like that.

Q. Are you aware that there are federal laws regarding how much an individual can contribute to a candidate in an election?

A. Yes.

Q. And what do you understand that amount to be?

A. $1,000 from an individual per campaign in primary and general. That is two campaigns.

Q. And how do you know that information?

A. Just reading it on invitations.

Q. When did you first learn that?

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A. Probably when it was enacted.

Q. So that would be sometime ago?

A. I don't know when that was.

Q. In the early campaigns that you mentioned that you had worked on, were you aware that there were individual contribution limitations in those races?

A. I think so. I just don't remember what the level of contributions were then.

Q. But it was your understanding that there was a limit?

A. I don't remember. I don't know when it was enacted, so I don't know.

Q. When you were working on the Cranston campaign, were you aware that there was a limitation in how much individuals could get?

A. Yes, I believe so.

Q. And that limit you understood was?

A. Senator Cranston ran for office a few times, so certainly in the last campaign or two, I believe -- I just don't know when the law was enacted. If you told me, I could line it up to a particular activity.

Q. Do you know that individuals are limited in how much they can give per year?

A. Per year?

Q. Per year.

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A. I don't know what the rule is.

Q. Is your understanding -- is it your understanding that there is a limit per year?

A. I think so, yes.

Q. Do you know if there are any limitations regarding whether corporations can contribute to federal elections?

A. Yes.

Q. And what is your understanding?

A. That they cannot.

Q. And how do you know that?

A. Basically by hearsay, people, word of mouth.

Q. And have you known that for sometime?

A. That, I don't know how long I have known, but I would guess also having read the individual invitations that I have received over the years, maybe that is where I learned about no corporate contributions.

Q. Have you ever read the Federal Election Campaign Act?

A. No.

Q. Have you ever read any publications put out by the Federal Election Commission?

A. No.

Q. Have you read any publications put out by

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any of the political parties?

A. Any publications of any kind?

Q. Yes.

A. Yes.

Q. Have you read any publications put out by any political parties regarding campaign laws?

A. No.

Q. Any of the campaigns that you were associated with that you mentioned, have you read any materials from them regarding the campaign laws?

A. No.

Q. You mentioned that you had supported Gary Hart for president at one time. Could you tell me about how you became associated with the Hart campaign?

A. I was introduced to Gary Hart by Jom. Block, J-o-m, B-l-o-c-k, in 1985, late '85 or early '86. I think it was '85.

Q. And where was that?

A. At Hillcrest Country Club in Los Angeles.

Q. And who is Mr. Block?

A. He is a friend who was an acquaintance also of Gary Hart.

Q. Was there an event at the country club?

A. No, just lunch where we all met.

Q. Who else was there?

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A. William Shore, who is an assistant, was assistant then to Gary Hart, myself and I don't recall, but maybe my assistant.

Q. Who is your assistant?

A. At the time, it would have been Linda Turner.

Q. And she is no longer with you?

A. No.

Q. How long has -- when did she leave you?

A. About three years ago.

Q. What was the purpose of the lunch?

A. To meet Gary Hart.

Q. That is the reason you went?

A. Yes.

Q. And was there a special reason why you were meeting Gary Hart?

A. Because he wanted to run for president of the United States.

Q. And he told you that?

A. No. Jom Block -- first of all, he had run already for the nomination and it was public knowledge that he would want to seek the nomination of his party in '88.

Jom Block wanted to introduce me. No one told me he wanted to run for president. It was something that I had surmised from all the word of mouth.

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Q. Can you tell me a little bit about the conversation at lunch that day?

A. We just talked about mostly social things and then we talked about what you would consider politics, but mostly his views on military defense issues, but mostly it was just on issues.

Q. When did you see him next, Gary Hart?

A. I probably saw Gary Hart next at a political retreat which he was at, and I don't know the exact date, but it would have been -- it would have been referred to at being at Musgrove Plantation, a home in Georgia of Smith Bagley. I think the wife's name at the time or possibly still now was Elizabeth.

Q. And this was roughly when?

A. I don't know. The end of, again, '85 or beginning of '86.

Q. And you testified that --

A. It was probably a few months after I met him, but I don't know what period of the year it was.

Q. At the luncheon, at the country club, did you discuss money at all?

A. No.

Q. You didn't discuss the fact that his '84 committee was in debt?

A. No.

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Q. Did anyone?

A. Nor did I know it was.

Q. And you discussed issues and politics and some social events, social talk?

A. No. When I say "social," that just means how is the weather and the tennis game or do you play golf, things like that.

Q. Did you have any conversations with Bill Shore in the period after the luncheon and until you went to the retreat at the plantation?

A. I don't believe so, but he might have called to let me know I was being invited to the retreat.

Q. In the time period between the luncheon at the country club until the retreat, did you have any discussions with anyone associated with the Hart committees?

A. No.

Q. And then you got an invitation to the retreat?

A. Yes.

Q. Do you recall the wording that the invitation said?

A. No, I don't. I don't think it was a printed invitation. I think it was just a letter, but I don't recall exactly what it said.

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Q. And you went?

A. Yes.

Q. How many people were there?

A. I would estimate about 26, 24.

Q. Can you name some of them for me?

A. David Stein, who was a Californian who was there. Maybe one out of the three days he was there. Mr. and Mrs. Straus, Peter and Ellen Straus of New York, Mr. and Mrs. Bagley, Kitty and Steve Moses are Californians, I think Mickey Miller. Some of this I am guessing.

Q. Sure.

A. The first ones, I am sure of. Now I am in the point of trying to remember. From the staff or from the Hart group, Mike Noveli, his wife, Lynn, Billy Shore, William Dixon, Dr. Sidney Harman, I think his wife -- yes, and his wife. Mrs. Hart and Senator Hart. There were others and I just can't remember exactly the names.

Q. Was there an agenda for this gathering?

A. No. When you say, "Was there an agenda," for me?

Q. Printed agenda.

A. I don't think so.

Q. And how long did the retreat last?

A. A weekend.

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Q. And what was done at the retreat?

A. There were political discussions, maybe three or four times, meaning maybe in the afternoon after lunch for a couple hours and maybe late morning for an hour.

And the rest of the day was spent riding horses, playing tennis, swimming. It was raining so we could not go boating.

We went around to a very unusual place in Sea Island, Georgia. It is the Musgrove Plantation. It is the site where the British landed to quell the uprising of the independent colonies and then Musgrove Indians slaughtered the British as they got off right at that location.

Q. Could you tell me a little bit about the political discussions that you had at the retreat?

A. The group was called together in the main house and discussions were set out that Senator Hart would run for president and that he had a very good chance, that there were issues that had to be discussed.

We did discuss some issues. There was strategy about an actual -- how a campaign would function and then solicited everyone's ideas, both pros and cons about the senator's chances for election.

Q. What did you think his chances were?

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A. Very good, possibly the best at that time of any person considered in both parties, in either party.

Q. What were some of the strategy considerations that were being led out?

A. The idea that republicans had in the previous 20 years been very successful at the campaigns for president and democrats were not; that issues that were the basics of some of the democratic principles were not going to fly when it came to the national election; that certain more -- and I don't really want to say conservative, but different issues that the republicans were very strong on had come from the democrats, so it isn't -- I don't want to polarize it.

They didn't use those issues properly. The idea if you had an issue to believe in, how do you put it forward and will it be acceptable to people.

The other thing was the only successful democrat had been a man who had used the South as a campaign. President Carter was from the South.

Strategy then was what quadrant of the United States did you have to win, what number of states? When would those elections take place in primaries? How long before you would have to set up?

Different states had different systems; therefore, what would you talk about for Iowa as compared

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to New York as compared to Florida or Los Angeles, not only at different times of the year, but they used different mechanisms to nominate, so each was different.

And I didn't really know all that many of them and I learned quite a bit from the Hart campaign.

Q. Were there any decisions made at the end of the retreat?

A. No.

Q. Did the group decide to meet again?

A. The group never met again as a group. I think that the majority of the people who were invited there became Hart supporters, some just on the periphery and some very active, but I don't think this was really as a group.

It was not a functioning group. It was some old friends of Gary Hart and then people that they brought in to hopefully become new friends, but it was not an acting organization.

Q. At that time, why did you think you had been invited?

A. Because I had worked in political campaigns and it was clear the State of California was very important to them, but also fund-raising was very important to them.

And also candidly, that they didn't know the first thing about running for president of the United

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States. They had a very polished -- no -- that they had a very celebrity-status candidate, but they didn't understand the first thing about putting a whole organization together.

They certainly understood individual ingredients. There was a couple from Iowa that I think -- I can't remember their name. There was another couple I didn't mention before.

That was an example, the disparity of the people. He was from Iowa; I was from California. If we talked about a federal campaign, we each talked about a whole different campaign. You would have felt we were running different countries.

Q. And there were discussions about the delegate selection process, what states were important, too?

A. Not the actual delegates themselves, but which states were more to line it up because of the timing in the democratic process.

And that would give -- if you were involved with New Hampshire and Iowa, that was a strategy. If you were involved with California and Texas or you got California and New York or Texas and California or Texas, New York, all of those combinations.

We didn't actually go with the count. You

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knew if you got a certain crescendo of elects that were going your way in the primaries that you would do well in the next one, with the big states coming up because you were -- the odds gave it, not for any other reason, but because previous elections or states had voted for you.

MR. HOUSTON: We are spending a lot of time on strategy issues. I don't necessarily see any relevance on the strategy of the Hart campaign, anything in which the Federal Election Commission is involved in.

MS. REILLY: The issue of the Hart candidacy is something that we are concerned with.

Q. Did Gary Hart address the group at all?

A. Yes.

Q. Do you recall what he said?

A. Yes. He didn't talk about strategies or mechanisms of any kind. He just talked about his dreams for what a better America would be.

Q. When you left the retreat, had you decided to support Gary Hart?

A. No.

Q. And were you supporting another candidate at the time?

A. No.

Q. And was there a reason why you had not signed on with the Hart people?

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A. Simply that I had not at that point decided to support anybody or to be involved in the presidential campaign.

Q. Did you make a contribution to Gary Hart's 1986 senate race?

A. Yes.

Q. When was that?

A. I don't remember when I actually made the contribution.

Q. If I told you that the Hart committee reported receiving it in November of '85, would that refresh your recollection?

A. If that is what they reported, that would be. I am sure they are right.

Q. Do you recall giving them $2,000 for the senate race in '86?

A. I don't remember the amount, but I am sure whatever the maximum was, I would have given it.

Q. The contribution you made to Gary Hart in 198- -- his 1986 senate race which you made in '85, was that before the retreat or after the retreat?

A. I don't remember.

Q. Was Gary Hart at the retreat the entire time?

A. No.

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Q. How long was he there?

A. A day-and-a-half. We were there for three.

Q. What about Lee Hart?

A. She was there the entire time. As a matter of fact, by coincidence, we were on the same commuter plane. We didn't know each other coming in from Atlanta so we were actually there the entire time.

Q. So when was your next contact with the Hart people?

A. I don't remember exactly. I will presume that when I got back, I talked to Jom Block who had introduced me first to Gary Hart. That is probably the next time I talked to anybody who was a friend of Gary Hart's.

Q. What did you say?

A. That I was impressed with him and I had a good time and I thought he not only could win, but had ideas that I could support.

Q. What did Mr. Block say?

A. That it was time basically to help him to run for office because he thought -- he, Jom Block, who had worked for him a previous time, for president, thought that he was going to make a great president and that I should support him.

Q. And did you then at that time decide to

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support him?

A. Yes.

Q. And roughly what time are we talking about in terms of dates?

A. Within a week or two of getting back from the retreat. I just don't remember when the retreat was.

Q. We decided that it was in late '85.

A. That was when the contribution was made to the senate campaign in '85. I don't know when the -- I can't tell you exactly when I met him or when I went on the retreat.

Q. Was it your understanding that the contribution followed the retreat, that you went to the retreat and then made the contribution?

A. I don't remember if it was before or after. I just don't know the dates. You probably know better from the information from the Hart campaign.

Q. So after you decided to support Gary Hart, what did you do next?

A. I think I spoke with a fellow who was going to be -- he was chief of staff to the Senator Bill Dixon and I just think we started discussions about when they would decide to run for president.

They had not put together a team so to speak. They had not put together -- at least, I was new,

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so everything I was learning was that they were going to be putting things together.

Obviously, they had not run something before. I don't know who ran it before, whether the same or different people.

Q. By having run something before, you were referring to?

A. The presidential campaign.

Q. In '84?

A. Yes.

Q. And these conferences you had with Bill Dixon, were they in person?

A. No, by telephone, and I did travel to Washington on occasion and I did see him as well as Senator Hart over the next couple of years.

Q. And when you traveled to Washington, it was to see them?

A. No.

Q. What was the reason for your trips?

A. I am involved in the real estate business and F.H.A. insured apartment complexes and housing, so the two areas that I have been dealing with for years, and that is HUD and having to deal with housing issues that relate to tenant law, that relate to community development block grants which is how a city can develop an infrastructure on

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new land and issues of real estate oriented.

Q. While you were in town, you visited them?

A. Yes.

Q. Did you always visit them when you were in Washington?

A. No.

Q. Did you generally visit them when you were in town?

A. I would say half the time, 50 percent of the time. We had -- we had availability of time of whether or not I had the time or they had the time.

MS. REILLY: At this point, I am going to introduce our first exhibit and hand it to the court reporter and ask you to mark it as Exhibit 1 and then hand it to the witness and his counsel, please.

(Exhibit 1 was marked for identification by the court reporter and is attached hereto.)

(Recess.)

MS. REILLY: Back on the record.

Q. After taking a break, I will remind you that you are still under oath and that all the previous discussions we had regarding your testimony and the instructions are still valid.

Do you understand that?

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A. Yes.

Q. Before we went off the record, I handed you the first exhibit and I would like you to take a moment and look it over, please.

Have you examined the exhibit?

A. Yes.

Q. Have you ever seen it before?

A. Yes.

Q. When did you see it?

A. In April of 1986.

Q. And how did you come -- this purports to be a letter on the letterhead of Steven Moses Interests, dated March 21st, 1986, signed by Mr. Moses and directed to William P. Dixon and Mr. Billy Shore.

Can you tell me a little bit how you came to see this letter?

A. It was mailed to me.

Q. And Mr. Dixon, who was he?

A. Mr. Dixon was, I believe, at the time, chief of staff to Senator Hart and was about to become the campaign manager of the Hart campaign. I don't know the date that took place.

Q. What about Mr. Shore?

A. Mr. Shore was Senator Hart's assistant.

Q. And Mike Gage, who was he?

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A. Mike Gage was an employee of Gersten Construction Company.

Q. And what was his position with Gersten Construction?

A. He was the vice-president.

Q. And Mr. Moses, who was he?

A. Mr. Moses is a businessman from Los Angeles.

Q. And Mr. Stein?

A. Mr. Stein is a businessman from Orange County.

Q. And all of these people were associated with Gary Hart?

A. As volunteers.

Q. Now, the letter mentions a rough draft of the fund-raising and budgeting process memorandum?

A. Yes.

Q. Have you seen that before?

A. I am not sure exactly which document that refers to, but I believe it was one that outlined, I think, it was called "The Business Plan for Gary Hart, 1988" which encompassed all of the -- an outline of how to run for president.

Q. Can you tell me a little bit about the business plan, what the outline was?

A. That is what it was; it was an outline of different areas in which you would have to undertake to run for president.

Q. Can you give me an example of some of the things that are mentioned in it?

A. I don't know all of them. One that I was involved with is fund-raising.

Q. What did it say about fund-raising?

A. It said that in order to fund-raise, you needed to raise money at both house parties, have hotel parties and different major contributor parties and basically how you do that and when you would need them. I am not sure if when you need them is accurate. That you need a certain quantity of them.

Q. And who wrote the business plan?

A. The entire business plan, I don't know who put it together, but different people took portions of it and worked on portions of it.

Q. Did you work on any portion of it?

A. Yes.

Q. What portion did you work on?

A. On the fund-raising portion.

Q. Any other portion?

A. No.

Q. And what about Mr. Stein?

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A. I don't know what portion he worked on.

Q. But he worked on part of it?

A. I don't know. I can only guess he did, but I don't know.

Q. Now, Mike Gage, what was his involvement with the Hart people?

A. As a volunteer, he was, as I was, talking to them about our individual advice on what they should do to run a successful campaign.

Q. Did you recruit him to the Hart people?

A. Yes.

Q. And how did that come about?

A. He was a friend as well as employee and I got involved with the Hart campaign. It was all natural that I would discuss it with him. And then he got involved as well, not doing the same things, but he got involved.

Q. What did he do?

A. Basically on his own time he would take calls at home in the evening, talk to them about backgrounds probably -- again I am giving you what I guess he did -- backgrounds on previous campaigns he had been involved in and how California thought about different issues as it related to the fund-raising section of the business plan. He was the primary author.

Q. Did you review the business plan?

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A. Yes.

Q. Did it say anything in the business plan about staying within the contribution limitations?

A. I don't think we had any guidelines.

Q. Did you seek any legal advice when you were reviewing the business plan?

A. No.

Q. Do you know if anyone else did?

A. I would not know. I was not told anyone did.

Q. Was there a meeting prior to when this rough draft was sent apparently in March of '86?

A. What kind of meeting?

Q. Where the draft fund-raising and budget process was discussed.

A. Yes.

Q. And was there more than one meeting?

A. Well, when you say, "Was there a meeting," did I have a meeting with the business or --

Q. Was there a meeting of the people who were writing the plan?

A. The only time there was a meeting was at another retreat which would predate this March exhibit at Winter Haven, Colorado -- Winter Park, Colorado. Excuse me.

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Q. And that would be after the first retreat?

A. Yes.

Q. But before March of 19- -- March 31st, 1986?

A. Yes.

Q. And you attended that one?

A. Yes.

Q. Who else was there?

A. Mark Hogan, who was the past lieutenant governor, Senator Hart, my wife, I think David Stein, Steve Moses. I don't know if his wife was there. She might have been. Mickey Miller for a short period, I think, Senator Hart, Billy Shore.

That is one thing I may have in my files would be an actual list who was at that one.

Q. Would you be willing to provide us with that list?

A. Certainly.

Q. Would you be willing to provide us with a file?

A. Yes.

Q. Was this the file that you had discussed earlier in your testimony about the documents that you reviewed before coming?

A. It is a small transfer box of files.

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Q. Would you be willing to provide us with a copy of that?

A. Yes.

Q. We will make arrangements over lunch and put it on the record.

How is the Winter Park retreat different from the previous retreat?

A. The only difference was it was more focused on Gary Hart running for president and those who were in attendance with a few exceptions, but there were some new people, were people who were at that point committed to the campaign of Gary Hart.

Q. And did Gary Hart address the group?

A. I don't think so. He might have said a few words, but I don't think so. He was not a part of the business plan.

The difference between Gary Hart addressing us and the work that we did is that Gary Hart was really not a part of the campaign, if you will.

It was sort of a group of volunteers, a group of staff people, and they were putting together a campaign, and Gary Hart was the candidate.

It was almost as if he was removed from the actual task of putting together the plans and things like that.

Q. Sort of a hands-off approach?

A. Yes. He had his own -- when it came to issues, he had his own ideas and it -- when it came to what to -- what to say in a speech, there was those, yes, he was the first and last. Say when it came to, for example, Winter Park, he was not there the entire time and he made no real contribution to the business plan.

Q. And the business plan was written or formulated at Winter Park?

A. No. At Winter Park it was a discussion that we needed one. I don't know if they had one in the previous campaign.

I do know that in President Reagan's campaign, they did, and it was simply a methodology to sit down and, even though almost everything written, there would be change or be flexible, it gave you an idea of the areas that you would have to cover in a campaign and so each -- I don't know how many areas there are in the business plan. I have the business plan, but I never read the entire thing, honestly.

I don't know all the different areas, but each person was assigned or volunteered to work on a certain area. So Winter Park was simply the beginning discussions of a business plan and who would undertake to write what portions.

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Q. Did you volunteer to work on it?

A. Yes.

Q. How much time did you spend on it putting it together?

A. Probably about 10 to 15 hours.

Q. And David Stein was at Winter Park?

A. I think so.

Q. And did he come to work on the fund-raising aspect of the campaign as well?

A. He worked on a portion of it and -- but he actually ended up writing a portion of it or just gave his ideas. I don't remember which. I think just gave his ideas, but I also think he was involved in another portion of -- and I don't know which.

He had been in the campaign before and was a lot more aware of, I guess, what the Gary Hart campaign would be. So I don't know the areas that he was in.

Q. Did you know David Stein prior to your association with the Hart people?

A. No.

Q. And was there an agenda at Winter Park?

A. There might have been. I don't remember.

Q. Obviously everybody there was convinced that Gary Hart was going to run?

A. There was exceptions. There were some new

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people there. I don't remember who was new and who was old because that was my only second or third experience with the group from the Hart campaign. I didn't know them before, so I would say that most people were committed to the Hart campaign.

Q. Did you have any discussion with Gary Hart at Winter Park?

A. Yes.

Q. Can you tell me a little bit about those discussions?

A. Most of them were about his running for president. Some things were about some of the issues that were at hand in the senate, just talking about what was going on in a general current-events man, some discussion about Winter Park.

I had never been to Colorado. I had not before the Hart campaign really been traveling through Colorado a lot.

I later started to begin a business there, but we were talking about the general issues of California. Mark Hogan had been the former lieutenant governor. He was in the discussion. We talked about Colorado issues.

Q. Did Gary Hart state to you during the conversations that you had with him that he was going to run?

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A. He never made a definitive decision. He was always trying to do it in sort of an exploratory manner and make sure it was the right thing to do, so you didn't really announce you were going to run for president; you put together a program that would allow you to announce later after you made that final decision. That is politics.

Q. Are you familiar with an organization called the Hart Cabinet?

A. I know of the name "The Hart Cabinet." I am not familiar with the organization itself.

Q. During the Winter Park meeting, was there any discussions regarding the fact that the '84 Hart presidential committee had debts?

A. Not the committee itself, but the campaign had debt, yes.

Q. And what were the substance of those discussions?

A. That they had debt and that they had to repay it. I don't recall what the terms of repayment were to banks, but I think banks had to be repaid and individuals as well. When I say "individuals," creditors.

Q. Right.

A. We as a group as well as the other friends of Gary Hart would be, you know, part of the mainstream of

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who is going to get fund-raising efforts, going to try to help repay that debt.

Q. So there were sort of two fund-raising tracks, the '88 committee and then for the debt from the '84?

A. Winter Park was primarily for '88, but there was discussion. It was brought up about the '84 debt.

Q. Did you offer to do anything regarding reducing the '84 debt?

A. I made a contribution to reduce it.

Q. And how much did you contribute?

A. I think $1,000 or my wife and I -- and I would want to clarify. Before you asked me about a contribution to the senator for $2,000.

Q. Right.

A. I assume if I made one, it was with my wife or it was for a primary in general. I don't know. Obviously I can't make a $2,000 contribution.

Q. So you made a $1,000 contribution sometime well after the Colorado retreat?

A. I don't know when it was, but I was sure I made one.

Q. Do you recall that it was close to the Colorado --

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A. I don't recall. It could have been before or after.

Q. And at this point, at the time that you made the contribution to Gary Hart for the '84 debt, you had committed to being part of his organization for '88; is that correct?

A. I don't remember when I did that, so I don't know whether I had already committed or not.

Q. Would you have made a contribution to him for his '84 debt if you were not going to support him for '88?

A. Possibly.

Q. Other than making the $1,000 contribution to the '84 committee, did you do anything else to help reduce the debt for the '84 committee?

A. I called some friends in discussing that Gary Hart had that debt. I don't remember writing letters about his debt. I don't think I did much else except be told about it and maybe give me -- call up some friends.

Q. You didn't hold any parties for his '84 debt reduction?

A. No.

Q. Did you make any mention to the campaign that you would help reduce the '84 debt?

A. By "mention," you mean financial mention?

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Q. Right.

A. No, but I did tell them I would help to reduce the debt.

Q. Other than the phone calls that you made to people, did you do anything else regarding the '84 debt?

A. No, I don't think so.

MS. REILLY: At this point, I am going to hand to the court reporter Exhibit No. 2 and ask you to mark it, please, and hand it to the witness and his counsel.

(Exhibit 2 was marked for identification by the court reporter and is attached hereto.)

BY MS. REILLY:

Q. I ask you to take a moment to examine it, please.

A. (Witness complies.)

Q. Now, you have testified that you went to the Georgia retreat and then there was the Winter Park retreat?

A. Yes.

Q. Did you attend any other retreats?

A. Yes.

Q. Which ones were those?

A. One other retreat in Hudson, Wisconsin, which is next to Minneapolis, Minnesota, at the farm or a

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hotel, but it was a gentleman who sponsored, that named Jerry Soderberg and his wife.

Q. Any others?

A. No.

Q. The Exhibit 2, which is before you, purports to be a memo from Stratton and Associates to all invitees of the Hart Volunteer Committee regarding a Denver retreat; date of the memo is 6-5-86.

Have you ever seen this before?

A. No.

Q. Did you attend a retreat in Denver in July of 1986?

A. I don't believe so. I have been in Denver many times, but not for a retreat. Winter Park is 30 or 40 minutes outside of Denver. I don't know the Colorado area real well. I didn't know how to refer to that, but it was snowing there and I don't think it was July.

Q. Stratton and Associates at the top of the heading, do you know who they are?

A. I don't know who they are. I have met a man named Stratton. I can't remember his first name.

Q. If I said the name Mike, would that refresh your recollection?

A. Yes.

Q. When did you meet Mike Stratton?

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A. At the Winter Park retreat.

Q. And was he a volunteer with the campaign?

A. I don't know.

Q. And why don't you know?

A. He seemed to be a volunteer, but he also had a company that was -- I don't know if it was public relations, advertising or organizing. I don't know what his company did, but it was something.

And the reason I say that is he did a lot of things at the retreat that would make you think he was assigned to do something, and yet, after the retreat, solicited me to help him with an entertainer singing and lounge act with a female singer who sang at -- not in Las Vegas, but like cocktail lounges around Colorado and the western United States.

And so he was obviously promoting either as a publicist or a something for this entertainer, so that led me to believe he had his own company. I don't know what he was. He just had his own business.

Q. Did you communicate with him after the Colorado retreat?

A. Yes.

Q. Are you familiar with an organization called "The Volunteer Committee"?

A. I remember the name.

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Q. And what did you understand them to be?

A. I don't know.

Q. Did you think they were associated with the Hart people?

A. I am not sure which group it was. The Hart Volunteer Committee, I don't know whether that was all of us, whether that is a specific group or not, I don't know.

Q. So it is possible you could be a member, too?

A. Could be.

Q. I am going to ask some -- run through some names and ask you to identify these people. Doug Rosen?

A. Doug Rosen I met through the Hart campaign. I think he is from Southern California. I don't know what kind of business he is in.

Q. Was he an active volunteer?

A. I didn't speak to him very much, so I don't know.

Q. Was he at any of the retreats that you were at?

A. He might have been. I don't remember. I think I saw him really at one or two fund-raisers for Gary Hart.

Q. How about Bob Patrick?

A. I don't know the man.

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Q. Jim Barret?

A. Jim Barret is a man who was, I think, very involved in the '84 campaign for Hart, but he was from Oklahoma and had also been in the fast-food business. That is the only reason I remember him so well.

Q. How about Jim Callaway?

A. Jim Callaway I met at an event hotel. I don't know whether they called that a retreat or not, in Houston, Texas. Just north of Houston is a resort area or a convention area and there were probably 20 people, and he had an event and you refreshed my memory, but I don't know if that was called a retreat. It was a meeting of only one day.

Q. When was this?

A. 1986. I don't know when. It was a warm time of the year.

Q. And it was a one-day event?

A. I was there for two days, but the actual meeting took place only for the one day.

Q. How about a Bill Broadhurst?

A. William Broadhurst was involved with the campaign.

Q. Was he at any of the retreats?

A. He might have been at the first retreat that I went to in Sea Island, Georgia.

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Q. Was he active in reducing the debt from the '84 committee?

A. I don't know.

Q. How about Buddy Temple?

A. I don't know the name.

Q. David Bulduck?

A. I don't know the name.

Q. Sue Casey?

A. Sue Casey? I don't -- I don't think I know Sue Casey unless it was a staff member maybe for a period of time named Sue. I don't know if that was a Sue Casey or not.

Q. How about a Will Cheek?

A. Who?

Q. Will Cheek, C-h-e-e-k.

A. I don't know the name.

Q. Stuart Karl?

A. Stuart Karl, yes.

Q. What do you know about Stuart Karl?

A. Stuart Karl was involved with, certainly the '8- -- the desire to run in '88. I think he had been involved in '84. He represented a company that had the Jane Fonda Workout tape and that was his claim to fame.

Q. Do you know if Mr. Karl had any legal problems resulting from his activities with the Hart

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people?

A. I know a great deal about what I read in the newspaper and I also know of Mr. Karl because my -- about to be former brother-in-law was the -- I am trying to think of his exact title.

He was the chief financial officer or some such title at Lorimar Studios which bought Mr. Karl's company and later threw him out for illegally competing with them in advertising of some sort.

I think it was a point of sale, advertising that he and his father were selling to Lorimar when Lorimar owned two of the largest advertising agencies in the world.

Q. What is your brother-in-law's name?

A. Russell Goldsmith.

Q. Did you have any conversation with the Federal Bureau of Investigations regarding Mr. Karl?

A. Yes, years ago. I am not sure what year it was. When was that? It was after I read about Mr. Karl in the newspaper.

Q. Was it after Gary Hart did not get the nomination in 1988?

A. '88. He didn't run in '88. He never really ran. He withdrew before there was a campaign.

Q. But before --

A. Was it before the '88 election?

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Q. Before he withdraw from it.0

A. I don't remember. I don't remember exactly when it was.

Q. What did the F.B.I. ask you?

A. They asked me what information I knew about Mr. Karl and his activities.

Q. What did you say?

A. I didn't know much about Mr. Karl except that I had met him through the Hart campaign.

Q. Did you mention that your brother-in-law was also associated with him?

A. I am not sure then that I knew or that he was. I don't know when the purchase of his company took place. I really -- my brother-in-law was only with Lorimar for two years. I don't remember the exact time when I met with the agents.

Q. Did you give him a written statement?

A. No.

Q. Did you have any other conversations with anyone regarding Stuart Karl?

MR. HOUSTON: Is the question with anyone whatsoever or with some other investigative official or anyone?

BY MS. REILLY:

Q. Let's start with anyone.

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A. I am sure I talked to my best friend about him.

Q. And that would be Mike Gage?

A. No, Michael Kassan. I probably talked to Mike Gage about him, too. We all read the series of articles in the newspaper and we all -- we didn't think real highly of Mr. Karl.

We were not terribly upset to see the article, but we didn't dislike him. It was just we just sort of thought he was a guy who would get in trouble.

Q. Why was that?

A. It was just -- he seemed to be sort of a flighty person.

Q. Did you talk to anybody associated with the Hart staff about Stuart Karl?

A. Yes.

Q. Who did you talk to?

A. Billy Shore. Before?

Q. Any time.

A. Billy Shore, maybe John Emerson.

Q. Anyone else?

A. I think that was it.

Q. What did you discuss with Mr. Shore?

A. That Mr. Karl was not a person that I thought would stand up real well. I just didn't think he

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would get a lot with Gary Hart because he had a tremendous ego and I didn't know exactly what he had to offer.

Q. What did Mr. Shore respond to that?

A. That he had been wonderful to them in 1984 and that he was a personal friend of Gary's. And there were many people who were in the campaign that you sort of wondered whether or not it was on merit or what the merit was, not maybe they were there for a reason, but I didn't always know what the reason.

Q. When Mr. Shore said that Mr. Karl had been wonderful to the campaign, what did you understand him to mean?

A. To help in fund-raising and, I don't know, other things, but my guess is other things, activities. I just don't know what those other activities exactly were.

Q. Can you speculate?

A. I can speculate to, you know, as his friend when they traveled together, private planes. I don't know what else.

Q. What about your -- did you have any conversations with Mr. Shore after the allegations about Mr. Karl were printed in the newspaper?

A. Yes.

Q. And what was the substance of that conversation?

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A. It was sort of "I told you so" conversation.

Q. And you were the one telling Mr. Shore that you had told him so?

A. Yes.

Q. And what did he respond?

A. He never liked the guy. We were friends and Billy Shore and I were friends and we had a lot of fun with each other, but that is basically his response.

Q. Did he say anything else?

A. Just that Mr. Karl had done everything on his own. It was orchestrated by Mr. Karl.

Q. So you understood him to mean that the campaign knew nothing about this?

A. At least the things I have read about in the paper.

Q. And the things you read about in the paper were what?

A. There were two different series of articles on him. One was -- I don't know which came first. One was on his activities as a fund-raiser for Gary Hart. I am not sure that meant that he gave -- he did something stupid.

I believe it was something like asking employees for contributions and then having the company write their check for the same amounts on the same dates.

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I think that was one.

And the stupid part having the employees paid by the company at all is just dumb, and I think illegal. I am not sure if he provided services, but I think in the article, it talked about services. That is it. That is big enough.

Q. You didn't discuss with Shore the fact that Mr. Karl might have provided services to the campaign?

A. No.

Q. What about your conversations with John Emerson?

A. They were the same conversations as I had with Billy Shore, just at different times, about -- not just Mr. Karl, isolating him for the one conversation, different people, how I felt about different people and my feeling about Mr. Karl was just that he was sort of an enigma. Everyone loved him and I didn't know why.

Q. What was Emerson's position with the campaign?

A. He became the deputy. I think his title was deputy campaign manager.

Q. Did you ever discuss the Stuart Karl situation with Gary Hart?

A. No.

Q. And why not?

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A. It never came up when I was with Gary Hart and Gary Hart was a person that was very difficult to talk to about any subject he was not talking about.

Q. Let's return for a second to the Wisconsin retreat. Can you tell me a little bit about that? Who was there?

A. I don't remember that one. I remember that one the least. My wife and I, Mr. Soderberg and his wife, I believe a son or maybe two children, Gary and Lee Hart.

I really don't remember the other people. I think Michael Kassan and his wife Ronnie, they were my best friends. I think they came. I think they came to that, but I don't remember the list. I am sorry.

Q. What about Irv and Barbara Torell?

A. If they were there, I don't remember them.

Q. And was there an agenda for you?

A. I don't remember seeing one.

Q. And the sort of things that you discussed, what were they?

A. The same as the other event; Gary Hart was the person you should support for president for the following reasons and asked the people what they thought Gary Hart should do to run for the presidency, what their area of the country looked to in political ideas, probably the need for fund-raising, both for the future and maybe

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the past.

Q. Sort of the same menu as the other two?

A. Uh-huh, except Winter Park which was more specifically focused on what would a business plan be.

Q. And then there was the event, the one-day event that you --

A. In Texas?

Q. Yes.

A. Yes.

Q. And was there an agenda for that meeting?

A. No. I should say that that particular one in Texas, I at periods of time have traveled with the Senator from, say, Monday to Friday and that Texas trip was when I was traveling with him.

Q. Tell me a little bit about the periods when you traveled with Gary Hart.

A. Two or three times, I traveled with Gary Hart for a five-day period. I think it was usually Monday through Friday or Tuesday to Saturday or some such.

And I just traveled with him as a companion and saw all the things he did and went the places he went. There were a few of us, not just me. He -- I just traveled with him.

Q. And the time period, the two or three times that you traveled with him, when was that?

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A. What times of the year?

Q. Yes.

A. Whenever the Texas retreat was, it would have been -- I call it retreat. That is the wrong word. It was just a meeting in Texas for one day because we were traveling for four or five days. We had to stay there overnight. That would be sometime in '86. I am not sure exactly when. My travels with him were almost always in '86.

Q. And by Christmas of '86, you were no longer traveling with him?

A. I am not sure. I don't remember the dates. I traveled three times. I think one was to Texas and Louisiana, once to the Middle East, which we really just met them there, I didn't travel with them, and once to New York, Vermont, New Hampshire area. I don't know the area very well. It was sort of a quadrant.

Q. And who else was traveling with Gary Hart at that time?

A. Different trips were different people. Billy Shore was always on the campaign trail or was always with the Senator as his aid. The trip to Texas, Louisiana, Raymond Strother came for a portion of it. William Broadhurst, there were different people you would meet for a day, but I would say for long periods of time, they were

the main ones for the trip to the Middle East which we met him in Egypt.

And in Israel there were a group of people who had traveled with him, three or four besides his own staff. Traveled with him is wrong. Everyone traveled separately. He traveled on the military transport, he and Lee and a colonel who is assigned to the senate and, I think, Billy Shore. I can't remember.

No, there was a young man who had been in the foreign service who was now in Phoenix. I can't remember his name, but there is another staff member. Wilson, Bug -- no, something Wilson. He had planned that trip. The trip, the final trip, the last week of the campaign was through New York, Boston, New Hampshire, one night in Vermont and that was pretty much the same group.

At some point, I think Stratton would come in and out. I don't know about those trips, but he came in and out occasionally. Billy Shore primarily was always there.

And the New York group, at the New York event, there were the Strauses. They didn't travel, but they lived in New York. Basically, I can't remember everyone that was in the entourage.

Q. You said that the New York and sort of New England swing was right before the end of the campaign?

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A. Yes.

Q. So in terms of time, that would be the beginning of '88?

A. I don't remember. I wish I could tell you that. I don't remember the exact date. It was the week in which the great discovery of his triste was made and his denial and where he was at Amherst University where he was asked by 80 reporters where one reporter asked, "Do you consider adultery a sin?" That is a line you will remember. You can tell what week it was. He didn't answer, by the way.

Q. This is after he dropped out of the race for the first time?

A. No. I think that was when he dropped out of the race for the first time.

Q. I am sorry. This is when he dropped out of the race for the first time?

A. I believe so.

Q. If I told you that he dropped out of the race for the first time in May of '87, would that refresh your recollection? It was not snowing in New England at the time you were there?

A. No. I just don't know the dates. You could be absolutely right.

Q. Just to sort of go back for a second, you

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know, we discussed two retreats, the Texas one --

A. No, no. The real retreat was Georgia --

Q. Right.

A. -- Winter Park and the third was in Wisconsin. In Texas, I simply was traveling with the Senator on a three-quarter of a week schedule and we stopped in Houston.

And I call it a retreat only because it was held in a hotel and some people spent the night. It was not a weekend retreat. It was one day orchestrated by a local congress and Mr. Callaway and, I think, Mrs. Callaway was there.

Q. Did the Texas stopover occur after the Wisconsin retreat?

A. Yes, I think. Yes. I really couldn't -- don't have all the dates in my mind.

Q. When you traveled with the Senator, who paid for your air fare?

A. I did.

Q. And your meals?

A. I did.

Q. And the hotel?

A. I did.

Q. Did the campaign pay for any of your expenses?

A. I traveled in cars they rented. I didn't drive them, but I was in them.

Q. Anything else?

A. No, I don't believe so.

Q. Did you travel by private airplane at any time?

A. Yes.

Q. And when was that?

A. Now you are talking about private airplane for the campaign?

Q. Yes.

A. I traveled in private airplanes a lot.

Q. These were the three trips you took with Gary Hart. Did you travel by private airplane in any of those?

A. One in the Texas leg we did.

Q. Who rented the airplane?

A. I don't know.

Q. How did you pay for your air fare?

A. I don't think I did for that portion. I paid to fly to Texas and I paid to fly back from wherever the termination point was.

And the private leg was only from Houston to a place called McAllen. I think it is McCullen or McAllen, Texas, which was a small city that was not served

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by a lot of commercial airplanes and then to Baton Rouge, Louisiana, all in the same -- two legs, but all in the same day.

It was not an extended time using a private plane. It was two legs of a five-day trip. You normally went in any given day to as many as nine cities in two states or sometimes three states. It was not uncommon to travel a lot, and I don't know that this particular leg of the trip was served by commercial. I just don't know.

Q. Was Stuart Karl on any of those trips?

A. No.

Q. Did you ever make a contribution to the Volunteer Committee?

A. Volunteer Committee, I don't remember. I might have.

Q. And did you attend an event hosted by the Volunteer Committee, the one that we had shown you?

A. The one that I had in Exhibit 2?

Q. Right.

A. No, I didn't. I don't remember attending.

MS. REILLY: I am going to hand to the court reporter Exhibit 3 and ask you to mark it, please, and give it to the witness and his counsel.

(Exhibit 3 was marked for identification by the court

reporter and is attached hereto.)

BY MS. REILLY:

Q. Have you had a chance to look at Exhibit 3?

A. Yes.

Q. Can you describe it for us?

A. It is a check to Stratton and Associates.

Q. And who was it from?

A. It is from Gersten Companies.

Q. And that would be your company?

A. Yes.

Q. And the signature on the bottom on the first line, can you identify that?

A. On the bottom on the first line. You mean the signature for --

Q. Right.

A. My own signature.

Q. On top, and the second?

A. Martin Collier.

Q. And who is he?

A. He was at the time the vice-president of Gersten Construction Company.

Q. Is he still with you?

A. Yes.

Q. What is his current position?

A. President of Gersten Management Company.

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Q. And the date on the check?

A. June 17th, 1986.

Q. And the amount is for $2500?

A. Yes.

Q. Do you recall making this payment to Stratton and Associates?

A. Yes.

Q. Can you tell me a little bit about the circumstances that you came to make this payment?

A. I can't remember. That I don't remember.

Q. Did Mike Stratton call you up and ask you to send this money?

A. I had been talking with Mike Stratton, as I said, about a number of things, some of the plans that I had in real estate and fast food that he was going to try to help me with as far as the demographic and the logistics of Denver. And then he was also soliciting for help with his entertainer that he had that he was representing. So I don't remember what the purpose of this check was.

Q. Did you have a business relationship with Mr. Stratton where you would send him money?

A. Yes.

Q. What kind of things would you send him money for in a business context?

A. I only sent him money once or twice and it

was for him to help -- we ended up -- my group and I ended up trying to buy the rights to El Pollo Loco for the State of Colorado excluding Colorado Springs. It was already in existence. It was a desire that we had.

We were unable later to get the franchise rights because they were given to someone else who even later tried to buy that person's rights and were not able to complete the contract and got sued by them and we looked to Colorado for business.

Q. And the account the check is drawn from, that would be a corporate account, yes?

A. I don't know what account. There is an account at the Gersten Companies known as special projects, which, while it was drawn on the company, it was an advance account to me.

Q. How many people associated with the company have a special account for their advances?

A. I do.

Q. No one else?

A. Not that I know of.

Q. So you have the special projects account?

A. Yes.

Q. What other sort of accounts are there that the corporation has?

A. Standard chart of accounts that you would

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have in any business. It has accounts for different apartment complexes, different checking accounts for different complexes, checking account for management, accounts for partnership activities, for general partnership activities. It has accounts for income properties.

Q. And the checking accounts -- how many checking accounts are there?

A. How many checking accounts are there? There is a central -- things are usually on -- many of the accounts are sent through a primary name, Gersten Companies, which is a shell corporation used simply as a check --

Q. As a check?

A. -- as a checking account basically. In other words, Gersten Management, Gersten Construction Company, different apartment complexes pay bills that could be categorized as shared bills and then Gersten Companies will write a check to pay for that.

However, Gersten Companies also writes checks sometimes to pay for all the activities of the other companies and then there is an intercompany exchange made on the books which just says that while this company -- while the Gersten Company issued the check, "A," "B" or "C," is the one who is credited or debited with whatever

the transaction is.

Q. And the indication sort of on the right-hand bottom says, "The Gersten Companies Central Distribution Account."

A. Yes. That is what it means, central distribution account with other companies within its umbrella.

Other companies and accounts, not just other companies, I should say.

Q. So this is different than the special projects account, this check here?

A. I don't think so. I think the special projects account would be issued through the central distribution account, but I don't know.

Q. Would you provide us with the account number of the special projects account?

A. Sure, but I have a feeling it is the same as this one and just the debit is made on the accounting records for special accounts.

Q. Just so I am clear, is there actually a checking account for the special account?

A. I don't think so. I don't remember.

Q. So it is more likely, at least based on your recollection, that they would all be paid with these sort of checks than just the -- and just the account itself

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charged on the company's books; is that correct?

A. I think so. You are asking me something I don't really know.

Q. Who would know the answer?

A. Martin Collier would know.

Q. Anyone else?

A. I am sure Price Waterhouse would know who are the accountants for the firm.

Q. Anyone else?

A. Probably whoever the bookkeepers are who handle the checks.

Q. Do you generally sign checks?

A. Yes.

Q. All the checks?

A. All the checks except if I am absent from the office or sick.

Q. Who signs them then?

A. All the checks are required to have two signatures. Over the last 25 years, there are a number of people who can sign. Buddy Roemer was one at that time who could sign.

There was a gentleman before that named Louis Cohen who could sign. There is probably a chief bookkeeper who can sign in case of emergency, but I am not sure. The signature cards are changed annually.

Q. And is there a check requisition form that has to be pulled out?

A. There is a check requisition form that is not usually filled out -- not always filled out.

Q. What is the circumstances in which it is?

A. In the case I ask for something to be drawn on a semi-emergency basis, meaning that I don't go through the normal process of putting in the request and waiting a week and waiting whatever time it takes for the check to come out.

MS. REILLY: I am going to hand to the court reporter what is Exhibit 4 and ask her to mark that, please.

(Exhibit 4 was marked for identification by the court reporter and is attached hereto.)

BY MS. REILLY:

Q. I am going to ask you to take a moment and examine this exhibit, please. It is two pages.

Have you had a chance to examine this exhibit?

A. Yes.

Q. Do you recognize it?

A. I recognize it as a check that I issued.

Q. And that would be the top check?

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A. Yes.

Q. What about the check on the second page?

A. I don't remember it, but I know it says it is a refund to me.

Q. And if you could turn to Page 2, the notation on the bottom left corner, "July '86 retreat rebate" from Stratton and Associates, do you recall receiving this check in March of 1987?

A. I don't remember it, but I assume since it is here that I received it.

Q. The amount for $2500, is that the same amount that was in the July check in 1986?

A. Yes.

Q. Is there a correlation in your mind between the two checks?

A. No, because --

MR. HOUSTON: Between which two checks?

BY MS. REILLY:

Q. Between the check in Exhibit 3 and the July '86 retreat rebate check in Exhibit 4.

A. No. It seems more likely that it corresponds to the other check in Exhibit 4.

Q. And the other check in Exhibit 4 is your check to Stratton and Associates. It is for $2500.

A. Yes.

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Q. Do you recall writing that check?
A. No.
Q. And that is not from the Gersten Companies?
A. No.
Q. Where is it from?
A. It is from my personal account.
Q. How many personal accounts do you have?
A. Many.
Q. In 1987, how many did you have?
A. I do not know.
Q. Did you have more than two?
A. I might have.
Q. Did you have more than five?
A. I might have.
Q. Did you have more than ten?
A. I doubt it.
Q. Somewhere between five and ten accounts?
A. I am not sure. I am guessing there were quite a few.
Q. And by "quite a few," it is somewhere in the range of five and ten?
A. It could be between three and seven. I don't know.
Q. But certainly fewer than ten; is that correct?

A. Yes.

Q. Do you recall writing this check to Stratton and Associates?

A. No, I don't remember.

Q. You testified that you had occasionally written checks to them for business reasons; is that correct?

A. Yes.

Q. Is this one of them?

A. I don't believe so, but I am only guessing since there is a check rebating the same amount of money six days later, five days later, that it was a check for what the rebate says it was for.

Q. And the rebate says "July '86 retreat rebate"?

A. Uh-huh.

Q. Do you know why Stratton and Associates would send you a rebate from the retreat in July '86?

A. Because I didn't go or was not planning to go.

Q. Did you send Mr. Stratton $2500 for the July retreat?

A. If that is what the Exhibit 4 is for, yes.

Q. But that is not the question. You also -- let's back up for a second.

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The July '86 retreat is in July of 1986. This is March of 1987, so if I understand --

A. You are asking the question and I said I don't know. I don't remember writing the check to Stratton and Associates for 2500 and I don't remember receiving the rebate. So it is here, though, as an exhibit, so I am assuming that it did take place.

Q. Do you recall a conversation with Mr. Stratton where he told you that corporations were prohibited from contributing in federal elections, that he would return a check, that he would cut you a new check and ask you for a non-corporate check?

A. I don't remember.

Q. Could it have happened?

A. Anything can happen.

Q. You have no recollection of it?

A. No.

Q. Did you ever discuss corporate contributions at any time with Mr. Stratton?

A. I don't remember discussing it.

Q. Do you remember discussing any contributions at all with Mr. Stratton?

A. No.

Q. Did you pay Mr. Stratton during the period between January of '86 and December of '88, any monies for

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the purposes of influencing Gary Hart's election to the presidency?

A. No.

Q. Do you know whether Mr. Stratton --

A. When you say "influence his election," if I was going to a retreat, is that considered influencing an election?

Q. Did you write any checks to Stratton and Associates for any of the retreats?

A. I don't remember doing so, but I am looking at a check. Just because these two in Exhibit 4 were put together -- I am assuming they were together. I guess they were not.

Q. I don't want you to draw any conclusions any other than what you know.

A. I don't know.

Q. Did you have any discussions with Mike Stratton regarding payments he was making on behalf of the Hart campaign?

A. No.

Q. Do you know if Mike Stratton made any payments on behalf of the Hart campaign?

A. You mean a contribution?

Q. I mean payments to vendors.

A. No, I don't know.

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Q. Do you have any explanation just so you can help me understand why there is a check in July of '86, in close proximity to the volunteer -- June of '86, in close proximity to the volunteer event drawn on the corporate account and then a second check to you from Stratton and Associates for $2500 and then another check from you drawn on your personal account to Stratton and Associates?

A. I don't know why.

Q. Is $2500 an unusual amount for you to write a check out for?

A. No.

Q. Do you regularly write out checks for more than that?

A. Yes.

Q. How often?

A. Probably not more than 20 to 30 times a month.

Q. And this would be for business?

A. Personal, business, both. For business, actually, I can't give you the amounts, but we issue hundreds and hundreds of checks a month, maybe thousands.

Q. Do you keep a personal check register?

A. I don't keep one, but there is one.

Q. Do you have it for the years 1986, 1987 and 1988?

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A. I don't know. I can look.

Q. Would you produce it for us if you have it?

A. For which account?

MR. HOUSTON: We would produce anything that deals with the Gary Hart campaign. I don't think we want to produce -- I am open to discussions -- his entire personal bank account.

MS. REILLY: Let's go off the record.

(A discussion was held off the record.)

MS. REILLY: Back on the record, please.

I am going to hand to the court reporter what is Exhibit 5 and ask her to mark it and hand it to the witness and his counsel, please.

(Exhibit 5 was marked for identification by the court reporter and is attached hereto.)

(Witness reviews document.)

BY MS. REILLY:

Q. Have you had a chance to examine this?

A. Yes.

Q. Can you describe it?

A. It is a check from the Friends of Gary Hart to me for $625.

Q. And it is dated May 7th, 1987?

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A. Yes.

Q. And the purpose is described as "excess contribution refund"?

A. Yes.

Q. Now, you previously testified you made a $1,000 contribution to Gary Hart?

A. I didn't say the amount. You asked me if I made a contribution.

Q. Did you make a contribution to Gary Hart's '88 presidential campaign?

A. Yes.

Q. How much did you make?

A. I don't know. I am assuming it is the maximum.

Q. And we understand that to be $1,000?

A. Yes.

Q. Can you explain to us why the Friends of Gary Hart refunded $625 to you in May of '87?

A. I don't know why.

Q. Do you recall getting the check?

A. No.

Q. Have you ever seen the check before?

A. Possibly, I believe I got it. I don't know. I don't remember ever seeing it.

Q. Have you ever received a refund from a

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political committee before?

A. I don't think so.

Q. Would it strike you as sort of an unusual event? Usually they are looking for money.

A. Did it strike me as an unusual event? I guess. I don't know whether they look at things that are done as normal business for them. I don't know how to run the financial side of the campaign, so I don't know where it came from.

Q. Did you have any conversations with the Hart people regarding the refund?

A. No.

Q. Did you have any conversations with anyone regarding the refund?

A. I don't remember getting the refund, so I don't remember talking about it. I might have. May I ask you a question? Is it the Friends of Gary Hart '84 or '88?

Q. '88.

Could you tell me a little bit about the fund-raising that you did for Gary Hart?

A. Sure. Primarily it was to solicit friends and to put out mailers for all the day cards and for two events, specifically one which I held and one which the campaign had in Los Angeles and then as a traveling companion was two times really with Gary Hart to talk to

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people who he would meet on the campaign trail about contributing to Gary's campaign.

Q. So there were two fund-raising events and two gatherings of contributors; is that correct?

A. Well, he had many fund-raisers. I was involved with, really, I would say one primarily which was the one in my own home.

And then I was involved in a periphery with other activities that he had. He had many in Southern California. He had many all over the country, and I didn't go to many. I went to some, but I did try to help whenever I could. If I knew someone in New York and there was an event in New York, I would try to put them together.

Q. Tell me about the one that you had in your house.

A. We had a party in our house for Gary or fund-raiser for Gary. It was a stormy night which probably is significant for the whole campaign. It was pouring rain. We had a few hundred people. I don't know the number. It was an evening event for Gary Hart for his presidential campaign.

Q. This was when?

A. I believe in 1987. I am thinking the first month or second month. End of January of '87, I believe.

Q. Did you make any expenditures regarding

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this event?

A. Yes.

Q. How much?

A. Expenditures were made and then reimbursed by the Hart campaign. I don't know the exact amount.

Q. Can you give us a ballpark figure?

A. I could guess 11,000 or $12,000. I don't remember the exact amount.

Q. What kind of things did you spend money on for the fund-raiser?

A. Rental of furniture, food, orchestra, invitations, probably some people to help, temporary people to help with the mailing of the stuff.

Q. Music?

A. Yes, I said music, orchestra.

Q. Center pieces?

A. Yes, I am sure.

Q. Did you put a deposit on a ballroom at all?

A. I might have because with the rain, we were worried that we would not be able to have it. The party was on a tennis court in our backyard and it was pouring rain and we were concerned that we would not be able to have it.

Q. I guess I am confused. This is the day of the party you became concerned?

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A. I don't know when the deposit was, if there was a deposit made, so I don't know if it was before or after. I am guessing if there was a deposit made, it was probably to guarantee that the party could go forward in spite of the bad weather.

MR. HOUSTON: Do you know whether you made a deposit on a ballroom?

THE WITNESS: No, I don't know.

(Conference held between the witness and his counsel.)

BY MS. REILLY:

Q. Now, you hired temporary help in getting the mailing out?

A. I didn't. The office staff probably did.

Q. The office staff being the people at your office?

A. Yes.

Q. And the mailing was done out of your office?

A. I don't know. I don't know.

Q. Was it?

A. I doubt it was done out of the office.

Q. Was it done out of the house?

A. It would have been -- would have been done out of my house or -- I don't know really where it --

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probably it could have been at Mike Gage's house. It also could have been -- there are staff for the campaign that was working with us and it could have been out of there.

The fellow's name was Rick -- John Emerson was the head of the California group for Hart or a fellow that he assigned Rick. He took his place and I cannot remember his name. It could have been out of their offices. I don't know.

Q. If I said the name Rick Weir, would that refresh your recollection?

A. No, it is not Rick Weir. He is in the real estate business in Beverly Hills. Hopefully, it will come to me.

Q. Who else on the Hart campaign worked with you on the fund-raiser that was held at your home?

A. I am not sure exactly who, but there were other people from San Diego, from -- I don't know if it is Denver or wherever they campaigned before from, but there were other people.

MR. HOUSTON: Can I clarify when you say "who else," you named one person, a Rick, last name unknown.

THE WITNESS: He was the head of Californians for Hart or whoever the group is for California. He took John Emerson's place. I can't remember his name and he had people who worked under him as volunteers or staff -- I

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don't know -- who did help us with putting together the fund-raiser and sending out mailers.

Whether I brought in private -- whether I brought in temporary help to lick envelopes and things, I just don't remember, but I might have.

BY MS. REILLY:

Q. And you sent out the invitations, too?

A. I don't know. We caused the invitations to go out.

Q. Did you see the invitation before it went out?

A. I saw a proof of the invitation before it went out.

Q. Can you tell me what the invitation said?

A. I don't remember the exact words, but it was to invite people to come to support Gary Hart -- Senator Gary Hart become the next president of the United States.

Q. Did it contain the information regarding the maximum amount people would pay?

A. I believe that it talked about a $1,000 maximum contribution.

Q. Did it mention on the invitation that corporate contributions were not allowable?

A. I don't remember. It might have. Those were things that were prescribed by the campaign. Those

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were not left up to me.

Q. Did you get the format from the campaign for the invitation?

A. We got approval for the invitation from the campaign and again, I am not sure whom. And they provided the wording.

Q. Were you working with the California office or the Denver office?

A. Both.

Q. Did you discuss with Billy Shore that you were having a fund-raising dinner at your house?

A. Yes.

Q. Why did you have a discussion with him?

A. I am sure I discussed having a fund-raiser with him even before there was a date because we spoke occasionally. He was not very much involved in fund-raising. He was just a person, if he wanted to get word to the Senator, you called Billy Shore.

Q. And occasionally you needed to get word to the Senator?

A. No. You wanted to find out what he was doing on certain issues and if he was going to be meeting in a certain city that you have friends, you would like him maybe to make contact with.

A lot of times -- most of the time it was

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my experience someone doesn't contribute immediately. They like to get to know the person and once they know the person, then you solicit them.

So there are many times that I would call and say, "Is Gary Hart going to be in" -- pick a city, a city where I knew someone. "If he had half an hour, could he stop by and see so and so?"

And he would stop by, introduce himself the same way I met him the first time, so that is really what I would call Billy Shore about.

Q. What about Bill Dixon, did he know you were having a fund-raiser?

A. I am pretty sure that the people in the hierarchy of the campaign all knew there was going to be a fund-raiser. Fund-raisers were such that there were not so many that they could not know which were going on when. Then again, that is a guess on my part because I was not in their office.

Q. Did you get any legal advice for holding a fund-raiser?

A. No.

Q. Now, the invitations requested money for people to come?

A. Yes.

Q. Did the invitation package include a return

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card for people?

A. Yes.

Q. And where was the return card to go?

A. I don't remember.

Q. Colorado possibly?

A. No. Most likely it would have been to us in either my office address or somewhere like that.

Q. So you --

MR. HOUSTON: You don't know?

THE WITNESS: I don't know.

BY MS. REILLY:

Q. Did you receive checks from people made out to Friends of Gary Hart for the fund-raiser held in your home?

A. Yes.

Q. When did you begin receiving those checks?

A. I don't know. Soon after mailing out the invitations.

Q. And when was the mailing made out?

A. I don't know.

Q. Was it in close proximity to the fund-raiser?

A. Probably within six to eight weeks before the fund-raiser.

Q. So what did you do with the checks as they

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came in?

A. I didn't handle them. I assume they were turned over to Gary Hart, Friends of Gary Hart.

Q. Did you establish a procedure in your office when the checks started to come in?

A. I did not.

Q. Did someone establish a procedure?

A. I guess.

Q. Was there someone else in your office who was running the details of the fund-raiser?

A. Yes.

Q. Who was that?

A. Lacey Gage.

Q. And that would be a person related to Mike Gage?

A. Yes.

Q. What is the relationship?

A. It is his wife.

Q. Does she work for you?

A. She did.

Q. For the fund-raiser?

A. No.

Q. Was she employed with you at the time the fund-raiser was ongoing?

A. Yes.

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Q. What was her position?

A. She was head of special projects.

Q. And special projects is the account we have -- that you described before?

A. Yes.

Q. What are her responsibilities as head of special projects?

A. Her responsibilities were to help me in handling activities that I was involved with, primarily were charities, throwing fund-raisers for charities. And I made speeches and different -- had different activities on behalf of those charities.

It was also for, besides charities, community activities or state activities that don't relate to elections or charity, but were civic items.

She helped in a number of businesses and things where we were in the process of -- we were also land developers who worked on general plans and in doing so, do a lot of work for preparing public relations information and mostly press kits and things like that.

Q. And did you have a conversation with her where you told her that there was going to be a fund-raiser and that contributions would be coming to the office?

A. Yes. I don't know if they came to the office, but they would be coming in.

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Q. They didn't come to the office?

A. I don't know. The office address is like -- I consider myself an individual and unrelated, as an individual not necessarily always a part of the company, but I use the address as my address. So I am not sure whether I had it sent there or sent to my home or sent to Friends of Gary Hart. I just don't know.

Q. But it is your understanding that Linda -- Lacey was the person who took care of the contributions that reached you or your home; is that correct?

A. That reached me, that were sent in because of the invitation. I don't know where they were sent to is what I am saying.

Q. It was her responsibility to take care of them?

A. Yes.

Q. Did you ever see any of the checks that came in?

A. I believe so. I think she showed me some.

Q. And when she showed them to you, where were you?

A. Either at her home or my office. She was simply excited because people had responded to the invitation, to show me what happened. It was not all the

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checks, nor did I ever see all the checks, but just the first little group that came in.

Q. Did you get a thank you note from the Hart people for the fund-raiser?

A. I doubt it.

Q. Why do you doubt it?

A. Because they were the least thankful people for asking the most of anybody.

Q. Was there ever a plan to hold the fund-raiser somewhere else other than your home?

A. I don't know if there was a plan before the rain, but definitely were contingent plans because it was pouring for a week and it was a challenge to have it where we had it.

Q. Was the date ever changed? Was it always set for late January?

A. I don't know. It could have been changed.

Q. Now, you spent money for catering, music, center pieces, postage --

A. Yes.

Q. -- and ran up at least over $10,000?

A. I think so. I don't know.

Q. And how did you pay for the funds that you expended? How did you pay the vendors?

A. How did I pay for the funds that I

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expended?

Q. How did you pay for what you expended for the fund-raiser?

A. Usually checks were issued from special accounts and then the anticipation was to have a quick immediate reimbursement from the Hart campaign.

Q. Did that happen?

A. We did get reimbursement, not in the exact amount because it was like pulling teeth to get money out of them. We anticipated because of the contributions that would come in, they would be able to offset any cost and then have more. They did raise money and they were just very slow to pay. You literally had to demand from them payment.

Q. Did you demand payment?

A. Yes.

Q. How often?

A. At least every two days, maybe every day.

Q. How did you do it?

A. Verbally.

Q. On the telephone?

A. Yes.

Q. Who did you call?

A. I would call John Emerson, Bill Dixon. They were the primary ones that I talked to. I didn't know

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everyone on the campaign, but those two I knew pretty well.

Q. What did you say?

A. I want my money. The vendors are all upset. I believe there were other bills outstanding from vendors. Again, I am not sure. I didn't handle that.

Basically I was not in any way, shape or form happy that they were not paying what they owed and they had contributions, so it wasn't like I didn't know that they didn't get any money in.

What they did with their money once they got it, I have no idea. I have no idea what their books look like. I just don't know.

Q. What did Dixon say when you approached him for payment?

A. Everyone said the same thing. "We are working on it. We will get it for you. You got it." And then you would call two days later and you didn't get it, and you were asking the same question, "Why these people are not paid, why am I not getting paid?"

"Well, we are getting the money. You got it."

Q. Now, this is in January of 1987?

A. I don't know if my calls to them for their payment was that early. It might have been February.

Q. Did you submit a formal bill to them?

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A. I don't know because I didn't handle that.

Q. Who would know?

A. Lacey Gage.

Q. Would it be in your files?

A. I looked through the file and I don't remember seeing it, but it could be in there.

Q. She kept the bills separate for this event?

A. Yes.

Q. Did you have any discussions with her regarding the fact that you had made expenditures for this event and had not been repaid?

A. Yes.

Q. Can you tell me about those?

A. Just that I would ask her whether or not we had payment. She would tell me, usually no and we would both commiserate on how difficult it was to get the money out of the Hart campaign.

Q. Were you disenchanted with the Hart campaign?

A. At this time, yes.

Q. Was this one of them?

A. Yes.

Q. Did you attempt to call the Senator about it?

A. I -- no, I didn't call the Senator. I

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called most of his staff. He would huff and puff and threaten to quit is the only thing you can do in a political campaign.

Q. And the reaction?

A. "We will take care of you. You will get it."

Q. Do you recall when you were repaid?

A. No.

Q. Was it months after the fund-raiser?

A. I don't know.

Q. Was it within the same year?

A. I think so.

Q. Was it before Christmas of that year?

A. I don't know. I just don't. I know we were repaid. I don't know when.

Q. It could have been within a week?

A. I don't think so because I would not have been calling and yelling at them and I remember calling and yelling at them.

Q. For an extended time?

A. I called for at least a month, maybe two.

Q. Did Gary Hart attend the fund-raiser?

A. Yes.

Q. Did he know that you had made these expenditures for him?

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A. No. To the best of my knowledge, Gary Hart didn't have any idea what happened in his campaign ever.

Q. Why is that?

A. Because his issues -- his interest was on issues and I personally had no discussions with him about the operation of the campaign ever or about fund-raising.

Q. Was it simply the idea that you were not supposed to?

A. No. It is a subject he didn't touch. He was too involved with the issues of the day to worry about the mundane things like running a good campaign for president.

Q. Who at the Hart campaign knew that you had expended money for the fund-raiser held at your home?

A. I am not sure of everyone, but after the fact because of my calls, John Emerson and Bill Dixon knew.

Q. Anyone else?

A. I guess Billy Shore knew, but I don't specifically remember calling him for that.

Q. Why do you think Billy Shore knew?

A. I have had a lot of conversations with Billy Shore. I don't recall an exact conversation on the subject, but when I got mad, I usually called everyone I know and he would have been one of the people.

Q. Did you raise with anyone at the time that

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or did anyone raise with you that advances on behalf of a political committee are considered a contribution?

A. No.

Q. None of the Hart people ever mentioned that to you?

A. No.

Q. Did they give you any advice for putting on a fund-raiser?

A. No.

Q. Nothing at all?

A. No, nothing at all.

Q. Did you ask them for any?

A. No. Well, I asked them for lists of their supporters they might have in the Southern California area that we could mail it to.

Q. And they gave those to you?

A. I think so. You would have to ask Lacey.

Q. Any other support from them?

A. There may have been support in the mailing process and sending it out or receiving, but again I was not the one who did it, so I don't know.

Q. And temporary people were hired to do the mailing?

A. I don't know. It was not unusual for me to hire one person for four hours to help the staff or the

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volunteers depending whether it was charity or politics to do whatever is needed to do.

Q. Now, did the staff work on the Hart invitations, too?

A. No. The only person might have been Lacey Gage.

Q. Why was that?

A. Because she and her husband had committed basically to support Gary for president and they had been working -- they both had been very active in political campaigns before. On what level, I don't know.

Q. Is there a policy in your organization that people don't do political mailings that your staff --

A. We have a policy that you can do whatever you want to, but during our time, you do business.

Q. And that includes even things from the special account?

A. When you say that, the people who work with special projects is really one, Lacey Gage. From time to time, she would have someone come in and help her.

For example, if we had a large charity event, which we did, where I was honored as man of the year, she would have other people come in and help her with charity events.

As it related to politics, we mostly didn't

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do politics in the office. Mostly we might get phone calls occasionally. There is nothing we can do about that, but everything else was out of the house.

Q. And your employees worked on business during business time?

A. Yes, I hope.

Q. Did you make any payments for any other fund-raising events on behalf of the Hart committee?

A. I don't believe so, no.

(A discussion was held off the record.)

MS. REILLY: Back on, please.

Q. Now, you had a fund-raiser at your home and you mentioned you were involved with the second fund-raiser?

A. Yes. The campaign had a fund-raiser, and I don't again know the date of that, at the Beverly Wilshire Hotel. And I went, I attended and contributed to it and solicited people to come to it. I think I had a couple tables' worth of people.

Q. And was this after the fund-raiser in your own home?

A. I think so. I think so. I don't remember the exact date, but I think so.

Q. And the campaign was the entity that

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organized the second fund-raiser, the L.A. fund-raiser?

A. Yes.

Q. Did you have any discussions with them regarding the second fund-raiser? Let's call it the campaign fund-raiser.

A. Did I have discussions with them about it? I am sure I did, about helping to get people to come to it.

Q. What did you do to help to get people to come to it?

A. Call and solicit people to give money and then come to the event.

Q. Did you provide any names for invitation purposes?

A. Yes.

Q. And roughly how many names did you provide?

A. I don't know exactly. I would guess it would be 3- or 400 names.

Q. Was Stuart Karl involved in this fund-raiser?

A. I don't know. I think he was. I think he was. I don't know.

Q. How about David Stein?

A. I think David Stein was there and, like me, I would assume he would call his friends and invite them to come as well, but I don't know of any other activity that

he had.

Q. And you filled four tables?

A. I don't know, but I think a few tables, yes.

Q. How many people are at a table?

A. Probably ten.

Q. Did you buy their tickets or did they buy their tickets?

A. No. They would buy tickets.

Q. You were the person who went out and solicited the contributions?

A. Yes.

Q. Did you have a contribution number from the Hart people?

A. A contribution number? I don't know what that means.

Q. It would be a number that would designate contributions that were solicited by you, CA102?

A. If they have one marking it that way, I don't know.

Q. How much money was raised at the L.A. fund-raiser?

MR. HOUSTON: Are we talking about the fund-raiser at his house or --

MS. REILLY: The campaign fund-raiser.

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THE WITNESS: I am not sure. I guess in excess of $100,000. I don't know how much was netted, but I would guess $100,000.

BY MS. REILLY:

Q. Now, you were involved with drawing up the business plan for the campaign?

A. Just the fund-raising portion.

Q. Right. And at the time that you wrote it, did it contain any advice regarding how people were to pay for fund-raising events?

A. One, I didn't write it. It was originally primarily authored by Mike Gage. I reviewed it. I don't believe there was anything in there other than you should have one -- you should have 20 house parties and two hotel parties every month. That is what it really talked about.

Q. At the time that you reviewed it, how did you anticipate that expenses would be paid?

A. By the campaign.

Q. Up front?

A. Hopefully.

Q. And if not?

A. If not, hopefully they would pay from the proceeds of the event. I must explain to you that up until your letter to me, I have never paid any attention to that at all assuming that as long as you were paid back quickly,

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that was all right. No one ever said anything different.

Q. And the other fund-raisers that were held by the Hart people, do you know if any of them were paid for by people advancing funds on behalf of the campaign?

A. I don't know.

Q. Who else do you know -- who had a fund-raiser on behalf of Gary Hart?

A. The Tri Star Corporation had one in New York. I don't know the chairman of the board's name. He is no longer chairman of the board.

I think there was one in Orange County. I didn't attend it. I don't know whether that was that Hart cabinet group or whether it was David Stein's fund-raiser. That is about it. He didn't have that many people who were willing to do it.

Q. Why is that?

A. Basically for two reasons: one, he was a newcomer and did not have a large organization. No. 2, he is a democrat. Democrats fundamentally do not raise big sums of money; republicans do.

Q. Did you have any conversations with David Stein regarding Stuart Karl's problems?

A. No.

Q. Do you regularly see David Stein?

A. No.

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Q. When was the last time you saw him?

A. I think he was at John Emerson's wedding which would be last summer, the end of last summer in Malibu.

Q. And prior to that?

A. Probably nine months before or now about two years ago. We all went on a trip to Africa. I met David Stein. I can't remember -- I met David Stein because we also travel as a group. We were not friendly then. We just met on a mission to Africa and our group had a reunion and that was the last time I saw him before -- our group from Los Angeles had a reunion here in Los Angeles about two years ago, maybe three now.

Q. You were on a mission?

A. We were representing the City of Los Angeles and I was representing the State of California on a trade mission.

Q. Do you have any contacts with any of the Hart people now?

A. Not on a regular basis.

Q. Who would you speak to on a non-regular basis?

A. John Emerson occasionally.

Q. Anyone else?

A. Infrequently with Jom Block. He is the

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person who introduced me to Gary Hart. Who else? Norman Brownstein. He is a fellow from Denver, Colorado. That is about it.

Q. Did it come to your attention that David Stein also had gotten into trouble regarding his relationship with the Hart campaign?

A. I don't remember if it was brought up. I knew there was an investigation with him because I also read about that in the newspaper. That is it.

Q. You didn't know anything else about it?

A. No. I don't even know in that case what it was.

Q. Do you know Bernie Snyder?

A. Yes, that is the name.

Q. We just struck a cord. That was the name?

A. I was trying to remember his name. I don't know him very well. I just could not recall his name.

Q. What was the context that you were trying to recall his name before?

A. I was trying to remember who was involved in the Orange County group of David Stein, I think, Stuart Karl and then that other person who is now Bernie Snyder. I could not remember his name.

MR. HOUSTON: I think you are referring to a conversation that we had yesterday. You could not remember

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the name of the attorney from Orange County.

THE WITNESS: Yes.

BY MS. REILLY:

Q Just so -- we are totally confused. The person we were trying to recall before, whose first name is Rick, is this the person who you were identifying as Bernie Snyder?

A. No. Rick is in Beverly Hills. He is a real estate person who had a different assignment.

Q. Okay. Who do you mean by Bernie Snyder?

A. I know him to be an attorney and he was involved in the Hart campaign.

Q. Did he know you were making advances on behalf of the Hart campaign?

A. I don't think so.

Q. Who in the Hart committee knew that you were making advances in fund-raising events?

A. I am really not sure. I really don't know. I am not sure if anyone knew. I don't know how they expected to be paid, but I really don't know if there was any discussion.

Q. Well, they must have been given money coming in and certainly getting solicitation cards coming back, so they must have known a fund-raiser was being planned?

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A. They did, but I don't know that anybody had any discussions about being paid for --

Q. They didn't call you up and ask you for the bills?

A. No. I don't want to say that that is not fair. They knew there were going to be bills. I was not the one who was in contact with the campaign, so I can't tell you what was discussed.

They definitely knew there were going to be bills. I don't think they think it was going to be, you know, that the people are going to sit there or stand there with no furniture and no center pieces and no music and no food and give them $1,000.

Q. Well, the alternative would be that somebody would be paid and --

A. It was never discussed with me.

Q. And the person whose job it was to pay expenses was?

A. From my company?

Q. Right.

A. Lacey.

Q. Whose job in the campaign was it to pay those expenses?

A. I don't know.

Q. And you called around a lot in the

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campaign?

A. I called two people. No, I didn't. I was not the one to call around. I called two people, Bill Dixon and John Emerson.

MS. REILLY: Let's break.

(A luncheon recess was taken.)

EXAMINATION

BY MR. HOUSTON:

Q. These questions are designed to clarify statements which were made by Mr. Gersten during the morning session.

Q. The first thing I want to ask him about to explain the hiring of Mike and Lacey Gage, their background, why they were hired, that type of thing.

A. Mike Gage was hired in 1985, probably in the spring, specifically to work for Gersten Companies to help us to process a general plan on a large 3250 acre land development that we owned.

Lacey -- and his background was that he has held elected office as a state assemblyman. He left the assembly to become probably one of the world's foremost white water river rafting commercial expedition leaders. Then he went into very strong environmental movements and came back and ran Tom Bradley's election in May of 1985 and

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then I hired him.

Q. And his position, a large part of that position engaged in local lobbying activity, federal and state?

A. Ninety percent, I would say seventy-five percent of his activities were involved in helping to process the general land with the City of Chula Vista and twenty-five percent of his activities were lobbying on behalf of our housing issues that resulted to a -- our HUD apartment complex and then some community grant blocks. We were land developers and we rely a lot on what the state will give the city to infrastructure.

Q. And Lacey Gage?

A. She was hired within two to three months after Mike was hired. She was hired specifically to organize and office special projects that would operate on my personal behalf, my fund-raising efforts in charities and state politics and specifically the charities. Should I go through each one?

MR. BERNSTEIN: Please.

THE WITNESS: Vista Del Mar which is a child care center, originally an orphanage; Hebrew University in Jerusalem and is the first higher education facility for the Jewish people; American Cancer Society, which is self-explanatory; Loyola Marymount University, then called

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Loyola University when I graduated and their activities.

BY MR. HOUSTON:

Q. American Cancer Association?

A. I said American Cancer Association. We have others, but those are the primary ones. There are activities for state campaigns on ballot initiatives like Proposition 65, which is an active member of the group proponents. Certainly there were elected officials like Gray Davis when he ran for state assembly who we also helped. Those are the large players that I remember.

Q. Mayor Bradley?

A. Absolutely, but I forgot. Absolutely Mayor Bradley.

Q. And the type of activity and expenses that were paid out as part of your special projects undertaken, were they related to fund-raising contributions? What type of things were you paying out of your special projects?

A. They were all related to equipment and items necessary to help in the fund-raising, the keeping of the data and keeping of the names. At one point, I think, we had 5,000, 6,000 active names that we were soliciting on behalf of the charities.

Q. And also --

A. She had worked for Tom Bradley's campaign, I think, like a controller and she had been very much

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involved with fund-raising.

Q. You had a special account established for this purpose?

A. Yes, special accounts.

Q. In those instances or all instances where activities were charitable activities and political activities paid from this account?

A. I would not say all. The majority, yes. One thing I did not mention about Mike Gage is he was in no way involved in actual fund-raising for Gary Hart. He refused to be. He did not want to be involved in fund-raising really for anyone. Since we are talking Gary Hart, he was never involved in that.

MR. BERNSTEIN: I think you earlier testified that he was the main drafter of your part of the business plan?

THE WITNESS: Correct.

MR. BERNSTEIN: Did he hold that?

THE WITNESS: No, he did not do any fund-raising. He drafted the plan. In other words, that was what he was willing to do. He was not willing to make contact with people to raise money, organize events to raise money in.

BY MR. HOUSTON:

Q. In other words, he is not a fund-raiser?

MR. BERNSTEIN: I gather when you said he didn't support the Hart candidacy, that is not what you were

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saying?

THE WITNESS: He supported the Hart candidacy. He didn't want to fund-raise. As a former elected official, he didn't want to do that for anybody.

MR. BERNSTEIN: I understand. Thank you.

BY MR. HOUSTON:

Q. Monies deposited from the Gersten Companies into this special projects account, did you consider those monies to be your personal funds or were they still corporate funds?

A. I considered them to be personal funds and I am not sure, but it acted as if it was an advance account.

Q. I want to talk to you briefly. You were asked during the morning session whether you had been interviewed by the F.B.I. and you testified as to your conversations with the F.B.I. concerning one Stuart Karl.

Was there any other time you were interviewed by the F.B.I.?

A. Yes.

Q. And prior to being interviewed by the F.B.I., were there any special arrangements made or any conditions set for the interview, for the actual interview with the F.B.I. that took place?

A. Yes, but what I would like to do is

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specifically go over the events, if I could. I was asked, I believe, this morning whether I was interviewed by the F.B.I. about the Stuart Karl issue and the answer was yes. That is true.

I believe it was two agents who came out and asked me about the activities of Stuart Karl. At a later time, I -- I cannot remember whether it was a year ago or year-and-a-half ago, I was contacted first through a partner of mine in another company who is a former F.B.I. agent, and he told me that I would be receiving a call from an agent named, I believe, it is out of the Santa Ana office and something that he wanted to interview me about the Hart campaign itself, not necessarily me, but the Hart campaign.

And then he proceeded to say something that even he said was unusual. He said that the agent had told him that whatever I said, I was to receive a pass, which means that anything I said would not be held against me.

Paul Chamberlin, who is my partner, said in his 20 years, he had not heard that done, but he was happy for me and that was great. He would recommend I go ahead with the interview.

I called and set up the interview and he said on the phone, "Do you understand the conditions?"

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And I said, "Explain it to me again."

"We are not going to hold anything against you for anything you may divulge to us. We wouldn't use it against you."

And I said, "Fine."

Q. You only took the interview under those conditions?

A. Yes.

Q. Were you asked a series of questions very similar to what you have been asked today during this deposition --

A. Yes.

Q. -- that concerned fund-raising activities in and around the Gary Hart campaign?

A. Yes. Do you want the third time I was interviewed?

MR. BERNSTEIN: Yes, please.

THE WITNESS: I was called a third time by Paul Chamberlin as well and told a fellow from the bureau wanted to investigate me. That is a fellow from the bureau wanted to ask me questions about Alan Cranston and that again I was not the subject of the investigation, but he didn't make any prior deal.

I accepted to meet with him and did talk to him about Alan Cranston, my activities of any kind that I

had with him and my observations.

BY MR. HOUSTON:

Q. I would like to go back over the exhibit which was a check written by the Gersten Companies to Stratton and Associates. I believe it is Exhibit 3.

Have you had an opportunity to think again about the circumstances surrounding the request for this --

A. Yes.

Q. -- this check?

A. Yes.

Q. And would you state what your recollection is of those circumstances?

A. After basically remembering Mike Stratton here and not -- I remember him, but not placing a lot of value on him, I remember that he called me first. The call was made by somebody who was involved with the Hart group.

I cannot tell you if it was a staff member or volunteer. I don't remember who it was and it said that Mike Stratton had a problem and he was being investigated either for 1984 activities with Gary Hart or something by either the FED or I don't know who it was and that he needed $5,000 to pay for his legal fees and would I advance that for him and he would be calling me.

I said I wasn't sure. Let him call me and tell me what it was he had in mind. He did call me and

tell me he was having all kinds of problems. He could not afford it and needed $5,000.

I said, "Why would I do that," and he said what he would do is work it off. And that is why I mentioned the demographic studies or the studies under the greater Denver area for the fast-food business.

I said to him I would not send him the $5,000, but I would send him $2500. And I believe that at a later time, I sent the balance of the $2500. When I say "I believe," it is because you have the check and I am sure that is what it was for.

Q. Was there any subsequent conversation with Mr. Stratton?

A. Apparently, yes, either his investigation against him was dropped or concluded or something and I believe that is why he sent the check back, the $2500. He didn't use the whole $5,000 he asked for.

Q. Do you know what he did with the $2500 check or the other one?

A. No.

Q. Looking at this check again, does this appear to be a check that was written under your special account?

A. It is a different account number.

Q. So this is not a check that was written on

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your special projects account?

A. No, that would be a regular corporate check.

Q. At the time that you were involved in the process of organizing the fund-raiser at your home for the Gary Hart committee, were you also engaged in organizing other fund-raisers?

A. Yes, and there was one to take place the day after the Gary Hart event at the same location for a state campaign for Gray Davis.

Q. Were essentially the same or many of the people who are working on the Gary Hart campaign also involved with the Gray Davis fund-raiser?

A. Many of them, not all of them.

Q. Were any of the expenses paid for the Gary Hart campaign paid for both of those?

A. Possibly, like rental of the furniture and the tent that was used for both days.

Q. Were you involved at that time for any preparation for any other fund-raisers?

A. Yes.

Q. What would that have been for?

A. There were a number of charitable fund-raisers. One was a small event for Vista Del Mar. There was a very large event for -- there were other

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charitable events that were being planned at the same time including a large event for Vista Del Mar and for the American Cancer Society each to have at least 800 to 1,000 people.

Q. One last question. Were Mike and Lacey Gage hired for the purpose of assisting in the Hart campaign?

A. No.

Q. Were they hired significantly in advance of your involvement in the Hart campaign?

A. Yes. I didn't know Gary Hart when I hired them.

MR. HOUSTON: Okay.

EXAMINATION

BY MS. REILLY:

Q. Just a couple of follow-up questions. You testified that Exhibit 3, the $2500 check to Stratton and Associates, was for legal fees for Mr. Stratton?

A. Mr. Stratton called and said that he needed money to pay his personal legal fees that were coming up and this was, in essence, an advance toward Mr. Stratton working for whether it be Gersten Construction Company because at the time we didn't have the partnership set up that owned the fast-food company, so it might have been

Gersten who owned it or me.

Q. And you stated that this check is not from the special projects account?

A. I called just to -- the number is different.

Q. Can you tell us the number on the special projects account?

A. It is written down. I don't know it by heart.

MR. HOUSTON: But that is a different number. The last two digits are different.

BY MS. REILLY:

Q. Can you read to us the special projects number?

MR. HOUSTON: I can call and get it.

THE WITNESS: I just called to ask if this was the number and they said no.

BY MS. REILLY:

Q. The is the distinguishing number?

A. Yes.

Q. So if I understand you correctly, you should be able to tell from the face of the check or from the account number whether or not it is from the special projects account?

A. Yes.

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Q. So there was an actual check register for the special projects account?

A. Yes.

MR. HOUSTON: There is a special account for the special projects.

BY MS. REILLY:

Q. Right, the check, too, it is a separate checking account?

MR. HOUSTON: It has a separate check number on all the checks from the special account. They have a different number.

THE WITNESS: If you have a different number, you are a different checking account.

BY MS. REILLY:

Q. June 17th, 1986, you actually send Mr. Stratton $2500, but you don't send it to him personally. It goes to Stratton and Associates.

Why was that?

A. Because he was to perform services through his company and provide those services to my company which was to review the patterns of growth in Denver and other areas of Colorado for the fast-food business.

Q. Because he needed legal --

A. He needed the money and I wanted to know what service.

Q. Would you have gotten services anyway?

A. No.

Q. You got it because he needed the money?

A. I got it because I paid for it. I don't know what you mean by would --

MR. HOUSTON: She is asking would you have paid him the money except for his request for legal fees?

THE WITNESS: Probably not.

BY MS. REILLY:

Q. And then it looks like March 26, 1987, you paid Mr. Stratton $2500 again. And then --

MR. HOUSTON: Do you remember writing that check?

THE WITNESS: I don't remember writing that.

BY MS. REILLY:

Q. Is that your handwriting?

A. Yes.

Q. Five days later, Mr. Stratton pays you 2500. This is Page 2 of Exhibit 4.

A. Yes.

Q. Why would you send him $2500 and five days later, he would return that amount to you?

A. As I said, I don't remember exactly writing the check, but the reason I would is because he had asked for $5,000. He may have asked for more, but the conclusion was 5,000 from me would be what I was willing to give him.

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And then his case was resolved and concluded. He did not need further assistance. I guess he was prepared to pay for it.

MR. HOUSTON: You don't actually know what he did with his money?

THE WITNESS: No.

MR. HOUSTON: So you are just speculating as to --

THE WITNESS: I only know what he told me he wanted it for.

MR. HOUSTON: To clarify, you don't know why he returned the money to you?

THE WITNESS: No.

MR. HOUSTON: You are speculating that his case may have been over?

THE WITNESS: That is true.

BY MS. REILLY:

Q. Is there any sort of supporting documentation regarding this check?

A. I would have to look. I don't know, but other than a check request probably, no.

Q. Would you be willing to produce the check request?

A. Certainly.

Q. And you had --

MR. HOUSTON: Let's step back. This one was

written on your personal account?

MS. REILLY: No. This is the check request for 6044.

Q. You had no contract with him for providing these services?

A. No.

Q. And no loan agreement?

A. No. I didn't consider it a loan. It was paying for services he would provide.

Q. And when did he provide the services to you?

A. During 1986, we talked about different possibilities for El Pollo Loco and where the areas would be to open up first.

Q. And this is after the check is written on June 17, '86?

A. After.

MR. HOUSTON: Did he actually ever provide you with any --

THE WITNESS: We had conversations about it. I had gotten a written backup.

BY MS. REILLY:

Q. You had gotten a written backup?

A. He did not do a written demographic study and send it to me. He verbally talked about the areas that

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he felt were the strongest, economically strongest from growth in the greater Denver area.

Q. I am sorry. You will have to refresh my recollection. Is Mr. Gersten involved in fast food himself?

A. Me?

Q. I am sorry. Is Mr. Stratton involved in fast foods himself?

A. He is a consultant. I don't know that he is involved as an operator of fast foods.

Q. You remember now the conversation you had with him in June of '86. What caused you on March 26 of 1987, roughly nine months later, to write a second check for $2500?

A. My original agreement with him was for $5,000, and the only thing I can surmise is that he must have called and asked for the balance.

MR. HOUSTON: You are speculating?

THE WITNESS: I am speculating.

MR. HOUSTON: Just testify as to what you remember. Don't speculate as to if you don't remember.

BY MS. REILLY:

Q. Is it likely you would have written the check unless he had called you?

A. No.

Q. And again, it is your testimony that this is not an exchange of a corporate check for a personal check?

A. No, it was not.

Q. So essentially you lent Stratton $5,000. He paid you back?

A. I advanced.

Q. You advanced $5,000. He paid you back 2500 five days after the second advance of $2500 and he provided you with services?

A. He had already talked to me and provided those services.

Q. How much were those services worth to you?

A. $5,000. Obviously I got it for $2500 according to the check.

MR. HOUSTON: Would you have paid him $5,000 except for his request for legal fees?

THE WITNESS: Probably not.

MR. HOUSTON: Just to clarify, were you giving him the $5,000 for legal fees and hoping to get something back for it?

THE WITNESS: Yes.

MR. HOUSTON: But you would not have retained him separately except for his connection with the Hart campaign or whatever to do these services, but since he could do the

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services and you were giving him the $5,000, you got something for your $5,000?

THE WITNESS: That is exactly right.

MR. BERNSTEIN: When you are responding to Mr. Houston, are you saying what happened or what you surmise happened?

THE WITNESS: Well, I can't tell you what he did with the money once he received it and I can't even guarantee that he had any legal problems. That I don't know. All I know is I received a call about him and a call from him.

I guess what Tom was asking me would I have solicited him to do the specific work that I thought I was paying him for? No, I would have probably gone to a real demographic company, but I was asked to help him by someone in the campaign, I am not sure who it was, and by him personally, and I wanted to help him.

I didn't want him -- he was a nice young man and all, but the reality was I wanted something back for the money that he was going to be advanced.

BY MS. REILLY:

Q And the someone in the campaign who called you -- this is June of '86, so you have been to, at that point, the Georgia retreat. What other retreats would you have been at?

A. Wisconsin, Winter Park, I think. I am not sure of Winter Park's timing.

Q. Someone you would have met at one of those events possibly?

A. You mean who called?

Q. Yes.

A. I don't remember. It could have been a staff member or person I met there. It was someone involved with the Hart group. I know it was not Gary Hart.

Q. Do you know if the Hart people arranged for anyone else to make these sort of payments to Mike Stratton?

A. I don't know.

Q. Did Mike Stratton tell you he was using the money for Hart expenditures in the campaign?

A. No. He told me he was using it for his personal legal fees that he had to defend himself. Actually it could have come out of -- of a previous Hart campaign, but it was his personal problems he was trying to resolve.

Q. Did he tell you what kind of legal trouble he was having?

A. I am trying to remember. I believe it was something to do with previous activity with the Hart campaign in '84, but I don't know what.

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Q. So it was personal? I mean it was professional as opposed to a personal legal problem?

A. He said it was personal, so I don't know what it entailed.

Q. Did you ever talk to anybody about this?

A. No.

Q. You just wrote him the two checks totaling $5,000?

A. Yes. But I can't recall who called me to talk about it, that person I talked to before I did anything, and that was validation that what he was asking for was what he needed, but I can't honestly tell you that is what it went for. I don't know.

Q. Tell me again the sequence. Who called you first?

A. I don't know who called me, but someone involved with the Hart group called and said, "Now, Mike Stratton, he needs some help. He has legal fees coming up he can't pay. He has to defend himself. He needs to borrow" -- I don't know what amount they asked for. It could have been 75,000.

He said, "Mike Stratton is going to be calling you."

And I took the call and talked to him. I talked to him a few times before about, again, the woman

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entertainer he was representing and other activities that he had.

I know I saw him at Winter Park at the retreat there and we talked. And I had no reason to believe that what he was telling me was not so.

Q. Do you now?

A. The only thing I would say is I am not sure why on the refund he wrote "July '88 retreat rebate." There might be a reason. I just don't know why.

Q. It does seem strange.

And you are certain that the check at Exhibit 3 relates to the conversation you had with Mike Stratton regarding his legal problems?

A. Uh-huh, yes.

MR. HOUSTON: Could the sequence be off and this check be related to that and not that one?

THE WITNESS: Anything is possible. You are asking me to do something from memory and I am trying. I remember the conversation I had with him. I am presuming that the date was the same as or preceding the June 17th date.

I definitely know I told him I would give it to him in two increments. I am making an assumption that because it was not written on special projects, it was considered a corporate expense because anything written on special projects was considered my personal expense.

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BY MS. REILLY:

Q. And you realize, of course, that we didn't have that? We did have an Exhibit 2 from Stratton and Associates, the June 5th, 1986, memo regarding the Denver retreat to be held July 11 through 13?

A. I had not seen that.

Q. Before, right?

A. I don't remember seeing it until you showed it to me.

Q. There is a close proximity in dates between the $2500 that was paid. That does nothing to refresh your recollection?

A. What refreshed my recollection was Stratton and Associates in a conversation that I had with them.

MR. HOUSTON: Did you go to this retreat?

THE WITNESS: No, I did not go to the retreat.

BY MS. REILLY:

Q Did you know about the retreat?

A. I have no recollection of knowing about it, but someone could have said there was a retreat. I don't know what. Hart volunteer committee, is that staff members? By staff members, that people who go and organize different states or the hierarchy. I don't know.

MS. REILLY: I am going to hand this to the court reporter and ask her to mark and it and hand it to the

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witness.

(Exhibit 6 was marked for identification by the court reporter and is attached hereto.)

(Witness reviews document.)

THE WITNESS: No, it doesn't.

BY MS. REILLY:

Q. Just for the record, this purports to be a three-page agenda for the Denver, Colorado meeting July 11 through 13th, 1986, of the volunteer committee.

And you have never seen it before?

A. No.

Q. You didn't attend the meeting?

A. No.

Q. Do you remember where you were in July of 1986?

A. No.

Q. While we were off the record, we located Exhibit 5, this check, Friends of Gary Hart, to you May 7th, 1987.

Do you have any other or different recollection regarding this contribution?

A. No, I have none. I don't remember it at all.

Q. And have you ever received a contribution

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refund before?

MR. HOUSTON: I asked that before. I think he said no.

THE WITNESS: I don't believe I have.

BY MS. REILLY:

Q. I just want to follow up on a few other points we had this morning. You testified you went to a number of retreats. You went to Georgia and then you went to Winter Park and Wisconsin. There was the one-day stopover in Texas. And this is sort of starting in '85 and moving through '86.

Was it your impression that people there were all gathered for the purpose of electing Gary Hart as president in '88?

A. Some were there to explore whether they would be interested in supporting Gary Hart, but the others, of course, were there to see if they could help Gary Hart be elected president.

Q. When you had the fund-raiser at your house, did you make an effort to bill the Hart people for some of the expenses that were used jointly by the other fund-raisers or did you bill them for all?

A. They were billed from the majority, almost all the expenses.

Q. For example?

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A. In other words, more than maybe their share.

Q. Why was that?

A. Simply because we were not able to figure out how to break it exactly in half, so we gave the rental more weight to the Hart campaign because it was the first day.

Q. Whose decision was this?

A. Basically Lacey Gage's.

Q. Did you discuss it with her?

A. I was aware of it, yes.

Q. How were you aware of it?

A. I discussed it with her, not the dollar amount that would be charged, but some things that were there even though they were used mutually to give a heavier weight to Gary Hart usage.

MR. HOUSTON: Was the Gray Davis an add-on after you had already agreed to do the Hart campaign?

THE WITNESS: Yes.

BY MS. REILLY:

Q. Was it added on because you had equipment in place to do a fund-raiser?

A. Yes, we had the facility.

Q. At your fund-raiser, did anybody paint the door?

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A. I don't know, might have, but I don't know.

Q. Did you have a basket for them to leave their contributions?

A. No, but Lacey Gage and whomever sat at the front door might have accepted checks at the front door. I don't know.

Q. How many invitations did you send out?

A. I don't know.

Q. Was it more than 500?

A. I think less.

Q. How many people actually came?

A. Between 2- and 300, not all paid, but between 2- and 300.

Q. How long did the fund-raiser last?

A. From eight o'clock until 12:00.

Q. Now, you testified this morning, too, that you have worked for other federal candidates?

A. Yes.

Q. Have you --

A. When you say "work for," we are talking about volunteering which was fund-raising and/or sometimes strategizing with them.

Q. Who were the candidates other than Gary Hart that you have done fund-raising for?

A. Alan Cranston a little bit, Howard

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Metzenbaum, Graham Laughtenberg, Bob Graham, Sammie Nunez, Dick Brian, Harry Reed.

Q. Time age (phonetic)?

A. No. I thought you said federal.

Q. He ran for senate.

A. Sorry.

MR. HOUSTON: I hope not.

THE WITNESS: No, I didn't.

There are others, primarily people I met at the Democratic Senatorial Campaign Committee which is an arm of the Democratic Party that supports the senate.

So there will be a few other people. I can't think of them. Harriet Wood ran -- no. That was governor. She did run for senate. She was lieutenant governor, ran for senate in Missouri. Lost, by the way.

I am trying to think of the others. I know there will be some others.

BY MS. REILLY:

Q. Did you run fund-raisers for any of those folks?

A. Yes.

Q. Did you run any of them in your home?

A. Their fund-raisers that were held were no more than small cocktail parties for an hour, hour-and-a-half, and there were at least two or three at my

home in which the best folks got was coffee, maybe white wine.

Q. How many big fund-raisers have you had at your home of more than 50 people?

MR. HOUSTON: For what type of event?

MS. REILLY: Federal candidates.

THE WITNESS: One.

BY MS. REILLY:

Q. That would be?

A. Gary Hart.

Q. So all the other events were less than 50 people?

A. Yes or they were for charities or state officials.

Q. We are just talking federal political.

Have you ever advanced any other funds for any other candidate in the context of fund-raising the way that the expenditures you made for Gary Hart were done?

A. No.

MR. HOUSTON: For any other federal case?

MS. REILLY: Federal.

THE WITNESS: For any other federal case.

BY MS. REILLY:

Q. Why is that?

A. I didn't throw any large event for them. I

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didn't have the expenditure.

Q. And it -- if I understand you correctly, I believe you testified that you got -- thought that because you were going to be reimbursed by the campaign, the expenditures you spent were not contributions; is that correct?

A. Correct.

Q. Did you believe that to be true for only fund-raisers or for anything else you did?

A. For anything else I did.

Q. And what is your basis for that belief?

A. That no one ever told me differently.

Q. Did anyone ever tell you it was okay?

A. No, I don't remember anyone actually saying "do it" or saying "it was okay." No one upon preparing for a fund-raiser said, "You can't do it."

MR. HOUSTON: Don't you routinely do it for all the state candidates, Ira Reiner and others?

THE WITNESS: Yes. We follow very much the same form that we do with other activities meaning mostly charitable, and we don't have as many big events for state officials, mostly for charities. That is the way we operate in the charities.

BY MS. REILLY:

Q. What about the other federal campaigns that

you have been involved in, is it your perception that other people advance funds for fund-raising events or candidate expenses?

A. I do not know. I would not have that perception because it has not come up. I don't know how they work. I don't know whether they have the funds that comes from the campaign and the campaign puts up the money or the individuals do. I don't know.

Q. So I guess you have no perception?

A. I have no perception.

MR. HOUSTON: Just for purposes of clarification, some of the major campaigns you have been involved in have been involved in state, Ira Reiner?

THE WITNESS: Almost all, they have.

MR. HOUSTON: Looking at you are mostly involved with federal or mostly involved with state and local?

THE WITNESS: Far and away, mostly state and local, but maybe 80 percent.

MR. HOUSTON: Have you financed fund-raisers for people like Ira Reiner and Gray Davis?

THE WITNESS: Yes.

MR. HOUSTON: In which you have routinely advanced all the costs for fund-raisers?

THE WITNESS: Yes.

MR. HOUSTON: Do you have any understanding of

California state law with regard to such advances?

THE WITNESS: No. I assume it is acceptable. I don't know. Point of clarification, in California, of course, without limits, that is routinely how you do it. You advance all the funds.

Also in California if those funds are repaid -- in California, if you advance costs for a fund-raiser or any fees or a contribution that is returned to you within 30 days, it is not a reportable activity. It is not a loan or a contribution of that kind.

MR. BERNSTEIN: Thank you, Mr. Houston.

BY MS. REILLY:

Q. So this morning you testified that you had a fund-raising event at your house in probably late January of '87. You testified that you went on a couple of campaign trips with the candidate?

A. I am not sure of the date of the event. I am guessing. There were two events in Los Angeles, one at my home and one at a hotel. I am not sure of the dates of those.

Q. But January?

A. Yes, I think it is January, but it could turn out to be November of the previous year. I don't know. I hope not.

Q. But in any event, you went on three

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campaign tours with the candidate after the New England campaign swing. Then what happened?

A. That was at a time when Gary Hart went back to Denver to consider whether he would stay in the race or not. I came home to Los Angeles and basically waited to hear what those bright people in Denver were going to come up with and nothing happened. The whole campaign fell apart and he dropped out of the race.

Q. Did you have any conversations with him after the story broke?

A. Yes.

Q. And did you speak with him regularly during that period?

A. I was traveling with him for five days after the story had broken. As a matter of fact, I got there the day the story broke.

Q. And this is May of '87?

A. I really don't know when it broke, but I think so.

Q. Did you talk to anybody else in the campaign during that period?

A. During the period of when the story broke?

Q. After the candidate went back to Colorado to think.

A. Absolutely. I spoke to William Shore,

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William Dixon, John Emerson.

Q. What did they have to say?

A. It looked bleak. It was not -- it was just not a situation that they knew how to get out of and that politically Gary Hart was dead.

Q. So then what happened?

A. I started insisting that they pay me what they owe me. And, in fact, we had tried to, you know, collecting as it related to the advance on the dinner. And that was clearly something they were after to get back.

I think we had it back by this point and then we were in the -- another issue, equipment that they were supposed to be leasing from -- never gave us a lease -- equipment, which we had asked for and then we insisted that they pay us off, pay the whole amount of money that it would cost to buy the equipment. I don't remember the amount.

Q. When did they lease the equipment from you?

A. They never technically leased the equipment because they never paid for the lease. They paid to buy the equipment eventually and return some other. That would be in 1987, I believe, the beginning of '87.

Q. Before the candidate left the race?

A. Yes.

Q. And what kind of equipment are we

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discussing?

A. I think there were two fax machines, a portable telephone. I am not sure what else there was.

Q. This is while the campaign is still ongoing?

A. Yes.

Q. And why didn't you get a lease from them?

A. They didn't give it to me. We were requesting it. They were going to come up with the form, the form of lease itself. We knew how much the total dollar amount was. We were trying to find out other lease payments and they were never forthcoming. They being -- meaning the Hart campaign never produced what they said they would produce at which point we started demanding payment. I started demanding payment.

Q. Tell me how they came to you and asked you to get this equipment for them.

A. I don't know which one of the three, as I always mention, between Shore, Dixon and Emerson, but someone called and said that they were expanding their campaign to other states and then they needed this equipment and that the equipment was the type that was indispensable because of electronic information like fax machines and would I get it for them and they would lease it from me.

Q. And did you have any need for this equipment?

A. Yes, I later did use the equipment.

Q. Would you have bought it if the campaign had not asked you to?

A. The exact quantity and specific amount, probably not. Would I have bought that type of equipment? Yes, from time to time.

Q. Other than apartments, do you lease anything in your line of business?

A. No. Do we lease others, no.

Q. Have you ever leased anything since?

A. I would say no, not as a normal course of business.

Q. Why didn't you send them a lease?

A. I didn't have a form and I was trusting that they would send it to me as they said they would.

Q. So it was either Shore, Dixon or Emerson who called you?

A. It would be most likely Dixon or Emerson because I don't remember -- those are the three I always had contact with.

Q. And when was this?

A. It would be sometime in 198- -- the very end of 1986 to beginning of 1987 January, February.

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I could be off easily by a year. I know I was chasing at the end of the campaign to get money back. I don't know when it was.

Q. Is part of the confusion here that there was more than one campaign?

A. What do you mean?

Q. He was sort of in and then he was sort of out?

A. The Hart campaign, you mean for president?

Q. Hart's actual active running situation when he went home in May.

A. They had already asked for equipment and had it at that point. And when he went home in May and dropped out, that is when we further exacerbated our collections. We were trying to collect from them anyway and we knew they had other creditors. I knew that.

MR. HOUSTON: Did he drop out in May of '87 or May of '88?

THE WITNESS: '87, I think.

MR. HOUSTON: The only reason all of this is written in terms of '88, the election would have been.

THE WITNESS: So then you are right. It would have been in '88.

BY MS. REILLY:

Q. That was a time when Gary Hart had entered

JONNELL AGNEW & ASSOCIATES

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the race?

A. Yes.

Q. And the equipment rental lease occurred before he reentered?

A. I thought so.

Q. When did they take the equipment from you?

A. Sometime in '87.

Q. When did Gary Hart reenter the race?

A. I don't know. I don't remember if he dropped out in May.

Q. After '87?

A. And he got back in at some point.

Q. Was it before Christmas?

A. Probably. I don't know. It was in '87.

MR. HOUSTON: Just for clarification, the convention is in the summer of '88 and the election is in November of '88.

MS. REILLY: Right.

MR. HOUSTON: He dropped out a full year before the convention.

THE WITNESS: The first time. I don't know. You are giving me dates. I am going by dates given to me. I just don't know.

MR. HOUSTON: They have '88. They could be a year off. You have to testify as to what your recollection is.

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BY MS. REILLY:

Q. When Gary Hart reentered the race, what was your involvement? What were you doing?

A. When Gary Hart reentered the race, I was trying to reignite my interest in helping him and there was -- doing really nothing.

Q. Did you go on any more trips with him?

A. Trips with him? No.

Q. Were you still pressing the issue of the lease with him?

A. Repayment.

Q. Repayment with him?

A. Yes.

Q. Did you ever mention it to him, Gary Hart?

A. Not to Gary Hart, I never discussed financial issues with Gary Hart.

Q. Tell me again the agreement you had with the campaign.

A. That they would lease it to pay me back the cost.

Q. I don't understand. What do you mean by "the cost"?

A. If it cost $9,000, they would figure out what a normal rate of return is, meaning that there might be an interest rate of 10, 11 percent. I don't know what

it was at that point. And then you have to pay me back the principal and the interest, but you can do it over three years in 36 payments or four years in 48 payments.

Q. So after the committee -- assuming hypothetically that the lease had been entered into and they had been around for three years, at the end of three years, according to your understanding, what happens?

A. You are paid off in full and they can keep the equipment.

Q. So it is sort of a sale lease. They lease it and they own it in the end?

A. Yes. Most leases have a residual value of a dollar or as much as 15 percent, if you are talking about multimillion dollar items. And then the people figure out the payment schedule to you to pay you back all of your interest and all of your principal less one dollar. They give you a dollar at the end and they purchased it from you.

I must say in looking at your -- I don't know what you call it -- your fax, your letter to me, it does have in here that the goods and equipment were purchased from January -- in January and February of 1988 and that is probably correct. I don't know if it is January or February '87 or '88. I just don't know.

Q. Let's try to orient you in time. You

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remember the campaign swing you were on in May of '87 when the candidate dropped out?

A. If that is when the article came out about him having a triste.

Q. That is correct.

A. Then that would be the time when I was in that trip, yes.

Q. To the best that you can remember, were you at that point concerned with the campaign regarding the lease of the equipment?

A. Not if they didn't have the equipment yet.

MR. HOUSTON: That is the question.

THE WITNESS: I don't know when they got the equipment relative to when he dropped out. I was assuming he got it before the first time he dropped out.

BY MS. REILLY:

Q. Why are you assuming that? Is there something we can help you in terms of your memory?

A. I don't remember being as actively involved when he reentered the race as I was before he dropped out the first time. I was involved, though, so it is possible that the equipment went to him after he reentered the race. I just don't know.

Q. Are you certain that you were purchasing the equipment on behalf of the -- that you were purchasing

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the equipment for the campaign so they can lease it from you?

A. Yes.

Q. There was no intention on your part that you would buy it for them, give it to them and they would reimburse you for it later, later being months away?

A. No. They were to start some sort of active plan of leasing immediately.

Q. I don't understand. You have this terrible problem with them after the fund-raiser in your house where they proved that they were not terribly prompt about repaying you.

Why would you enter into an agreement with them again?

A. Well, there is a certain magical quality about being president of the United States. There is an authority figure and somehow included people like me. You gravitate to a person you think is going to win, and if the staff of bumble heads are not competent, you chalk that up to their mistake, not the candidate's.

I would still like to see him president of the United States today. Would he be a great president? I don't know, but I would be a friend of the president's.

You asked why I would get involved with campaigns. That is, the basic gut reaction is the people

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want to be involved with someone who might be president of the United States. I am no different.

Q. I am going to hand to you -- this is sort of a long one. I want to -- I have here --

Let me hand it to the court reporter to have her mark it and then you can review it.

(Exhibit 7 was marked for identification by the court reporter and is attached hereto.)

(Witness complies.)

BY MS. REILLY:

Q. Have you had a chance to examine this?

A. Yes.

Q. And do you recognize it?

A. Yes.

Q. Could you describe it for us?

A. It is a letter that I sent to Sue Casey, campaign manager for reimbursement, direct reimbursement, not lease, for the equipment purchased -- things purchased for Gary Hart.

Q. And you said "direct reimbursement, not lease"?

A. Well, at this point, they had not come forward with what they said they would do for a month. I wanted the money.

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Q. So the first line says,

"Pursuant to our verbal agreement and understanding."

What does that mean?

A. I called and asked whether or not I was going to get a lease payment or paid back, and their understanding was that they would take care of it, but send them a list of what it was because apparently -- again this is Sue Casey, campaign manager. I obviously don't remember her.

Obviously she is the reformed friends of Gary Hart campaign manager and I just called her to ask for my payment. And I am following up what I asked her for in our phone call. Obviously in that phone call she must have agreed to pay it on behalf of the campaign.

MR. HOUSTON: Could there -- does it refer to some other agreement?

THE WITNESS: It says specifically,

"Pursuant to our verbal agreement and understanding, I am now requesting reimbursement."

And that is because preceding this verbal agreement understanding, I was at that time asking for a lease that was not forthcoming. I called Sue Casey and I said forget the lease. Just pay me.

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BY MS. REILLY:

Q. So if you go to Page 2 of this exhibit, there is a receipt from Adray's. Order date is at the top. Do you see that?

A. Yes.

Q. And the date on that is?

A. January 19th, 1988.

Q. And the amount?

A. $2,770.70.

Q. At the top of the right-hand corner, there is an invoice number starting with four; do you see that?

A. Uh-huh.

Q. And the number is 4P 615072. Does that refer to the two fax machines on Page 1 of that exhibit?

A. I believe it does.

Q. Given that the invoice number is the same, do you think that is, in fact, the truth?

A. I believe it is. I didn't buy the equipment myself, so I am assuming that is what the two Pac-Tel are.

Q. Who bought the equipment?

A. Lacey Gage.

Q. And on Page 3, the next page, the Guitar Center --

A. Yes.

Q. -- is that your imprint from your credit card?

A. Yes.

Q. That is an American Express card. I think from the bottom left you can see that?

A. I don't know. It says that -- it says American Express on the carbon, but that doesn't mean that is what it is. I don't know.

Q. Do you have an American Express card?

A. Yes.

Q. And at the bottom, there is two letters Is that your driver's license?

A. Yes.

Q. So did you make this purchase?

A. Yes.

Q. Do you remember making this purchase?

A. Yes.

Q. And it is for a PA system?

A. Yes.

Q. Is the Guitar Center --

A. Yes.

Q. -- located in California?

A. Yes.

Q. If you turn to the last page -- I am sorry -- Page 5, the last page of that invoice, the date on

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the top is January 20th, 1988?

A. Yes.

Q. And at the bottom it says,

"No tax, shipped out of state"?

A. Right.

Q. Where was it shipped to?

A. It was shipped to -- I am not positive. I believe Denver, Colorado, to the campaign.

Q. Would it have been New Hampshire?

A. It could have been. I have no idea.

Q. So what you are saying is --

A. It was shipped to the Hart campaign somewhere outside of California.

Q. And what is marked as Page 6 of that exhibit, Kraco Enterprises, Incorporated --

A. Kraco.

Q. -- January 20th, 1988?

A. Yes.

Q. Is that from your personal account?

A. I believe so, yes.

Q. And the invoice number at the left bottom, 001260, does that correspond to the invoice at the top of Page 7 under "Invoice Number"?

A. Yes.

Q. So this would be a check that you wrote for

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two cellular telephones?

A. Yes.

Q. Those are also for the Hart committee?

A. I believe so, yes.

Q. Do you have any reason to believe they were for anyone else?

A. I am trying to think if one of them went to them and one was used by my own staff, but I think that they both went to the Hart campaign.

Q. Because you billed the Hart campaign for two cellular phones with that invoice number with that amount of $1,917?

A. Uh-huh.

Q. Is it likely that the Hart committee got both telephones?

A. Yes.

Q. And on Page 8 of this exhibit, do you see the box where it says "Billing Responsibility"?

A. Uh-huh.

Q. And it is to the Gersten Companies, right, in your attention?

A. Uh-huh.

Q. Did you receive bills for cellular telephones?

A. No. As I remember, it was transferred

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immediately to the Hart campaign, but the phones themselves could not be issued with numbers unless there is someone responsible.

Q. That is why you were responsible?

A. Yes.

Q. And Page 10 of this exhibit, Communications Consultants Company --

A. Yes.

Q. -- is that your check?

A. Yes.

Q. And is that your signature?

A. Yes.

Q. And the Invoice No. 10102 --

A. 10102.

Q. -- matches up with the invoice at Page 1?

A. Yes.

Q. And John Canning, does he work for you?

A. He did.

Q. When he did work for you, what was his position?

A. He was an assistant to me.

Q. And did he go out and purchase these?

A. I think he purchased them by telephone.

Q. Do you see the notation on the bottom of Page 11, some handwritten notes?

A. Yes.

Q. One looks like "Reimburse from G.H."?

A. Uh-huh.

Q. Is that significant to you?

A. Reimburse from Gary Hart means to put it in his bills to be reimbursed or to have --

Q. He had a billing category at that point?

A. No. Just that there were a group of these bills right here. They had called and asked for the different merchandise, but all at the same time and we were expecting that they were going to pay us back or primarily lease it.

Q. I am confused. Were you expecting them to pay it back or --

A. Or lease it. Lease is what I was expecting them to do.

Q. And if that is the case, why does it say "Reimburse from Gary Hart"?

A. I didn't write it. I don't know.

Q. Do you know who did?

A. No, I don't.

Q. But you paid by check because Check No. 3622 refers to the check on the previous page?

A. Uh-huh.

Q. It says "Reimburse from Gary Hart."

Whose job is it to write out the checks and match up the invoices?

A. Lacey Gage.

Q. So she would be the person who would know? She would be the person who had written on it?

A. I don't know. It could be.

Q. Anyone else?

A. She was the primary person responsible.

MR. HOUSTON: It appears to me to be unclear when that notation was put on it. It could be put on it as part of the effort when they asked to reimburse. It could have been put on that date and recording what check it was purchased with. This could be entered at two different times.

MS. REILLY: You are not going to testify for us.

MR. BERNSTEIN: I guess we would have to know who wrote it.

THE WITNESS: If you look to see the way it is written, the personal check number and date are in one area and completely removed from that is "Reimburse from G.H." It doesn't look like it was written at the same time. You will have to ask who wrote it.

BY MS. REILLY:

Q. What I am trying to ask you is, Lacey Gage would be one person and who else would be someone who would

have an opportunity to write on invoices and checks?

A. The people she might have brought in to work under her, but she was the only one that I know of.

Q. And she was authorized to sign checks?

A. Sign checks, no, cause them to be created, yes. She may have had a signature power. But I have not seen her signature anywhere.

Q. And then on Page 12, do you see Los Angeles Trophy and Award Company?

A. Yes.

Q. And a telephone number under "Phone," is that your business telephone number?

A. Yes.

Q. And the description of 5,000 one-and-three-quarter Gary Hart color buttons, the total of $1,140.18. Are those buttons that you purchased for the campaign?

A. Yes.

Q. How did you pay for them?

A. I am not sure. I am going to guess that we paid for them either through special projects or a personal check from me.

Q. What happened to the buttons?

A. They were used, a portion in California and, I think, the rest shipped back to the Hart campaign.

> 4 0 4 3 6 0 4 5 0 5

Q. Did you save any?

A. Did I save any? Probably. I know we have ten of them around somewhere.

Q. On the last page of this exhibit which has actually become separated on yours, if I can refer you back to the first page of the exhibit with it, and it says in the second full paragraph,

"Also, we would like reimbursement for Ken Dean's travel reservations from San Francisco to Burlington, Virginia, on December 24, 1987, per Invoice 63627."

Can you tell me the circumstances that you made this payment of $415?

A. Yes. Someone called from the campaign and subsequently said, "We need to help them get this Ken Dean to" -- "urgent to their Burlington" -- no, their Vermont operation of Gary Hart and they didn't have a way to get him there and they could not figure out how to do that. Could I help to do that.

Q. And what did you say?

A. Yes.

Q. And the date here is?

A. That one was for reimbursement. That was not a lease.

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Q. Right. But the date is?

A. The date is December 24, 1987.

Q. It didn't occur to you to tell them no?

A. Well, I was trying to help them in their campaign and they said this person was desperately needed.

Q. How about 5,000 Gary Hart buttons, were they intended as a lease?

A. I would not think so.

Q. So certainly not all of this is lease related?

A. No. Okay. $9,442, I would say $1556 of it is not.

Q. And that would be the buttons and the travel?

A. And the travel.

Q. Now, the date on this letter is February 9th, 1988?

A. Yes.

Q. Could you turn to Page 2 and tell me the date of the order date?

A. The same as we read when you asked the first time, January 19th, 1988.

Q. And if you turn to Page 4, the date of the order date there?

A. January 20th, 1988.

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Q. And on Page 7, the invoice date?

A. January 15th, 1988.

Q. And on Page 11?

A. January 22nd, 1988.

Q. And on Page 12?

A. February 2nd, 1988, which are for the buttons.

Q. Right. So you testified that your initial agreement was that you were going to lease this equipment to them?

A. Yes.

Q. And then somewhere between January 20th, January 22nd, you changed your mind?

A. They were not forthcoming with any paperwork on it and I decided that they were not good for it and I wanted to be paid. They did not, as you said to me before, have a very good track record and after they did not perform the second time, I was a little upset.

Q. Well, here is my question. Last time you began making payments for the fund-raiser, looks like in November and continued after the fund-raiser picking up incidental stuff until March, I think, February, a long time, and here you give them ten days and you change your mind.

Can you explain that?

A. Sure. The first event was the first time that it occurred to me and the second time, I was forewarned that if they said they would do something, they had to do it. If they didn't do it, they were probably not going to do it.

The discussion of when they needed the equipment and when they called and asked for equipment, I am not sure what date that was. That would have been in December or the first day of January.

The fact that they didn't get all of the equipment that day, as far as I was concerned, they were charging me to do something and asking me to do something and I did.

And again, that is why when you first asked me about Sue Casey, I barely remember the name Sue Casey and she was the campaign manager at the point where, I guess, I was not quite as active as I was before, but I wanted to see Gary Hart elected. I didn't know Sue Casey where I knew Bill Dixon before. I just wanted to be paid. They did not have a good track record.

Q. Although you did not know what her track record was?

A. I did not rely on her. I relied on the entire campaign. In the normal performance, there was also one other thing that was occurring. Marshals were going

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and seizing the proceeds of Gary Hart events, and I don't know at the same timing or not, but I will tell you if that was occurring at the same timing, I would be nervous they would not pay me.

Q. Or they might walk off with your equipment?

A. Correct.

Q. Is that what prompted the letter?

A. I don't know, but I was very upset when the marshals were following Gary. Maybe they were not, maybe they were getting there before he was.

Q. Tell me the circumstances that you came to buy the equipment.

A. I was asked to.

Q. Who asked you?

A. That, I am not sure. It would have been either Bill Dixon or John Emerson. They were the only ones that I dealt with all the time that I would have listened to.

Q. Were those people still around after Gary Hart reentered the race a second time?

A. I don't know that Bill Dixon was still around. John Emerson was still around. Bill Shore was still around. I am not sure who else was still around in the hierarchy. They were still in Denver.

Q. Now, you stated that the campaign was

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having a problem with its assets being seized by the marshals.

Was it your impression at the time that the campaign had a lot of money?

A. At the time that they were seizing?

Q. January, February.

A. No.

Q. Did they have $9,000 to purchase the equipment?

A. I don't know. I was not a treasurer or had any access to the books.

Q. Did you know from news accounts how much money they had?

A. News accounts didn't say how much money that they had; that I read that they were going to events and seizing the new contributions for repayment of '84 debts. And now whether the contributions were for '84 and they were new or for '88 and seized for '84 debts, I don't know.

One thing I should say. I don't know. You have the benefit of talking to everyone in the campaign. I always felt like I was an insider, but when you look back, in hindsight, I was not -- clearly not in access to any of the records or anything or then or even what they were thinking.

So sometimes when you ask me questions, did I know during the campaign, everyone thought I was very much involved and a friend of Gary's and knew everything that was going on.

The reality is I knew almost nothing that went on. I can't tell you if they sat in back rooms and decided how they were going to use someone or didn't.

Q. Do you want to know?

A. Yes, I thought I was an insider. Clearly I have now learned that was naivete and I wasn't.

Q. And the equipment here that you bought in mid January of '88, you bought for the campaign?

A. Yes.

Q. And you had no reason at that time and place to purchase it for your business?

A. Correct.

MS. REILLY: I am going to hand this to the court reporter and ask her to mark that.

(Exhibit 8 was marked for identification by the court reporter and is attached hereto.)

BY MS. REILLY:

Q. I am going to ask you to please take a moment and examine that.

A. (Witness complies.)

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Q. Have you had a chance to look at the exhibit?

A. Yes.

Q. Did you recognize it?

A. I don't remember it, but I know it is on my letterhead. It is my -- actually it is not my signature.

Q. Whose signature is it?

A. I don't know. Potentially Lacey Gage or someone signing on my behalf.

Q. Who in your company in February of 1988 had authority to sign your name?

A. Lacey Gage.

Q. Anyone else?

A. No. I think Lacey would be the only one, certainly in this matter.

Q. And certainly was she the only one in the corporation who was involved with the Hart expenditures?

A. Yes.

Q. No one else?

A. Well, Martin Collier, who was the head of the management company, knew of the accounting portion. He didn't know of the expenditures or expected collections, but he is a former CPA.

Q. And the first line,

"Pursuant to our verbal agreement

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and understanding," has that changed any way since your February 9th letter?

A. Well, clearly what is happening is you are looking at wording used by Lacey Gage, not by me, and if you notice that both letters -- one is signed by me, but prepared by Lacey Gage and -- the letter of February 9th.

The second one, February 26th is prepared by the same person and signed by Lacey Gage, which reads the first way, which leads me to believe she wrote the first one and in my absence, she signed the second one.

Q. What is your basis for concluding that?

A. That it has the exact same language.

Q. Do you have a word processor system that she can --

A. Yes.

Q. -- she kept it.

So she could have cut and pasted from the first letter into the second?

A. Absolutely.

Q. Let's return to --

A. I did not dictate the first or the second letter.

Q. And by "the first or the second letter," you are referring to?

A. Exhibit 7 and Exhibit 8.

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Q. And who did?

A. I can only guess that Lacey Gage did.

Q. How did Lacey Gage know what your verbal agreement and understanding was?

A. We must have discussed it.

Q. Do you recall discussing it with her?

A. I don't recall the exact discussion, no.

Q. Did she know?

A. Yes.

Q. And what had you told her?

A. That I had a phone call with Sue Casey and I demanded the money back. Send a letter itemizing what it is.

Q. What did she say?

A. "I will send the letter."

Q. Looking at Exhibit 8 on the second page, appears that the bills were coming to you, but I had thought that they were supposed to go to the Hart campaign.

A. No. If you will look carefully, you will notice there were three phones, two cellular phones. I am going back to Exhibit 7.

Q. Okay.

A. Two cellular phones in which you did reference the Gersten Construction Company or the -- as you said, bills to me. This is one you didn't reference

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before, so I have not discussed this at all.

So the third item which is in the Exhibit 7 which is one hand-held telephone and is obviously licensed under a different agreement than the two cellular phones on the same list.

So what would happen is the Exhibit 7 thing, this would be the bill during the time they turned on the phone until the time our campaign took it over. $92 is really not a lot of money since $50 was for the hookup and $48.81 is the monthly charge. The air time charge is zero which means it was not used.

Q. Okay. If we can go back for a second to Exhibit 7 on Page 2 which is the fax machine.

Who in your -- who associated with you purchased them physically?

A. I don't know.

Q. Did you?

A. No.

Q. Who else had the authority to do so?

A. Lacey Gage and John Canning.

Q. Anyone else?

A. And John Canning would have been directed to do so by Lacey or myself. That would be it.

Q. And on Page 3, you have your credit card and your driver's license listed. Did you make this

> 4 0 4 3 6 0 0 5 1 6

purchase?

A. Yes.

Q. You remember doing it?

A. Yes.

Q. And on Page 7, the two trans-mobile cellular phones?

A. Yes. I ordered that myself.

Q. By telephone?

A. Yes.

Q. And --

A. And as a matter of fact, I ordered it by telephone because a friend of mine owns the company that sells them and he, on his own, signed up the billing responsibility. It is not -- it was done by them. I didn't even know about it.

Q. And on Page 11?

A. It looks like they used American Express for credit information, probably mine, so I don't know whether they called Lacey or someone and got that information.

Q. But you didn't provide it?

A. I don't remember providing it. If he asked me for it, I didn't know what it was being used for.

Q. How about on Page 11, the Communications Consultants' bill.

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A. That would have been ordered most likely by John Canning since it is shipped to John Canning.

Q. You don't recall doing it?

A. No.

MS. REILLY: I will hand this to the court reporter and ask her to mark this as an exhibit and ask the witness to look over this, please.

(Exhibit 9 was marked for identification by the court reporter and is attached hereto.)

BY MS. REILLY:

Q. Have you had a chance to look at this?

A. Yes.

Q. And do you recognize it?

A. Yes.

Q. Could you describe it for us, please?

A. It is a letter that I wrote to Gary Hart after his final withdrawal from seeking the nomination of his party.

Q. In the last paragraph, the last sentence, it states,

"Also on February 9th, 1988, I sent a bill to the campaign, attention Sue Casey, that I would appreciate your having her follow-up on."

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Would you explain that?

A. Yes. This is the first time that I communicated, even though it was by letter, with Senator Hart that his campaign was bad debt and I wanted him to attend to it.

Q. Why did you decide at this point to communicate with him?

A. Because the campaign was over. He was not running for president and I didn't have to be in awe of his shadow any longer.

Q. And the other sentence,

"As it pertains to your campaign, if I can be of any help, please let me know if you need help sorting out the loose ends."

A. What do you mean by that?

A. Just that he had gone from such a high place down to normal human again and he had a lot of things in his campaign that I didn't know whether they were completed or not.

If I could help, I would because at that point almost every one of his wonderfully close friends had jumped ship like rats leaving a sinking ship and I didn't want to be like that and even though I was a creditor --

Q. And the last sentence is accurate?

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A. Also it was, "I remain your friend," yes, that is true.

Q. Did you have any conversations with Senator Hart regarding what was owed to you other than this letter?

A. No.

Q. So it is the only time you ever brought it up to him?

A. Yes.

MS. REILLY: Let's take a break.

(Recess.)

MS. REILLY: At this point, I am going to hand to the court reporter the next exhibit and ask her to mark it, please.

(Exhibit 10 was marked for identification by the court reporter and is attached hereto.)

BY MS. REILLY:

Q. I ask you to take a moment and review that, please. May I look to see if this is the exhibit, same one?

A. Okay.

Q. Have you had a chance to examine this?

A. Yes.

Q. Do you recognize it?

A. It appears to be the cover letter from

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Exhibit 7.

Q. Is it different from Exhibit 7 in any way?

A. There is writing up in the upper left-hand corner.

Q. Can you read that writing?

A. Not real well.

"ND Notice, e-a-s-e, remit, y-m-e-n-t, as soon as possible."

Q. Could it be, "Second notice, please remit payment A.S.A.P."?

A. It certainly could be.

Q. Thank you. Do you recognize the handwriting?

A. Yes. The handwriting of the note?

Q. Right.

A. No, I don't. I can guess that it was Lacey Gage's, but I just don't remember the handwriting exactly.

Q. Did you tell Lacey Gage to send a second notice to these folks?

A. Yes. I told her to stay on them. I don't know if that meant an exact second notice.

Q. And she did, I guess. Did you have any conversations with her regarding this?

A. I don't remember any, but I might have.

Q. Did anyone call you after you sent your

February 9th letter?

A. I don't know whether they called or I called, but I was in contact with John Emerson and I said to John Emerson -- I will tell you exactly what I said.

I said, "Look, I want to be paid back." And I think at this point I am talking about April or May. I am not sure, April maybe.

And I basically said, "Look, your campaign is going to go down the toilet and I was a loyal follower and a friend and I don't want to be the person holding the bag. Pay me back."

Q. And by pay you back, you meant what?

A. Pay back the February 9th, 1988, statement.

Q. And you expected to be paid back $9,442.88?

A. Yes.

Q. And what did he respond?

A. That they would do the best to pay me back. They have a very tight financial situation.

Q. Why were you interested in getting your money back?

A. I was interested in getting my money back because I never intended to give them anything other than a bill that I expected them to pay. When I bought the equipment, I had no use for the equipment.

Q. I am confused. You said that you never

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expected them to pay anything but the bill when you bought the equipment.

A. February 9th.

Q. February 9th and prior to February 9th, did you have a different understanding?

A. Yes, I thought they would have leased the equipment from me excluding the buttons.

Q. How long did you envision the lease to run?

A. Three years.

Q. Why would the campaign enter into a three-year lease when they would most likely be out of business in November of '88, automatically.

Q. Usually even if a president is elected, their campaign does not cease. The campaign continues to clean up all of its loose ends which includes fund-raising to pay off debts, to continue to go to clients, which I am not familiar with what that is, but I know what the word is, compliance, which was a federal compliance, I think, that means in contributions.

And it was my expectation that since they asked for three years that they had intentions to reorganize and potentially even shift the campaign upon election to president to the reelection campaign in 1992.

Q. So the three-year term was their suggestion?

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A. Yes, it was their suggestion and mutually agreed.

Q. They broached it. They were the ones who suggested three years?

A. Yes.

Q. And did you care?

A. Did I care whether it was three or four years? No. As long as they computed how much the interest was and paid that, I didn't care.

Q. In 1986, which takes us back a little bit, how much money was in your special projects account?

A. I don't know.

Q. Can you give me an estimate?

A. No.

Q. Was it more than 100,000?

A. I don't think so.

Q. It was less than 100,000?

A. I don't know. Usually there was nothing left in the account because the account was replenished by either myself or the Gersten Companies through an advance.

Q. How much activity did the special projects account do in 1986?

A. A lot.

Q. Meaning?

A. I contributed to charitable events

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meaning -- contributed meaning actually gave either contributions and/or preparation for parties and fund-raisers. I gave directly, I think, to Gray Davis. I gave -- it was very active.

Q. By "very active," can you give me a dollar figure roughly?

A. I have no idea. I was not in charge of it and I just don't know.

Q. Did it do activity of more than $100,000?

A. It might have.

Q. Did it do activities greater than 200,000?

A. I don't know, but it might have.

Q. Would it be outside the realm of possibility that it conducted activities of 300,000?

A. If it made contributions to charity on my behalf, it could have. I don't know where some of my charitable contributions were characterized by account by the companies.

Q. And the next question is 400,000?

A. I don't think it would be that high, but again, I don't know.

Q. 1987, special projects account, did it do about the same amount of activity as 1986?

A. Yes.

Q. Did it do greater activity than '86?

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A. I don't know. I think it did about the same.

Q. How about 1988?

A. 1988 it did less.

Q. Why is that?

A. It was phased out.

Q. It was phased out during '88?

A. I believe it was 1988, the end of 1988 or 1989, beginning of '89, it was phased out.

Q. So 1988 you did less?

A. Yes.

Q. Did you do $100,000?

A. I don't know.

Q. Do you think you could have done less than 100,000?

A. The numbers you asked me for for '86, '87 and '88 are pure speculation.

Q. Assuming they are pure speculation given the dollar amount in 1986 and in 1988, did you do significantly less?

A. I believe so.

Q. Did you do about half?

A. I don't know.

Q. Could you have done under half?

A. Yes. Do you want to know why?

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Q. Sure.

A. Because in 1988 Gerstem Construction Company experienced severe cash problems so there was not money to use anyway.

Q. That was due to the real estate market?

A. Yes.

MS. REILLY: At this point, I am going to hand to the court reporter an exhibit.

MR. HOUSTON: Is this the best copy you have of this?

MS. REILLY: Actually it is what we got.

MR. HOUSTON: So we are missing the month?

MS. REILLY: Yes.

(Exhibit 11 was marked for identification by the court reporter and is attached hereto.)

BY MS. REILLY:

Q. Did you have a chance to examine this document?

A. Yes.

Q. And this purports to be a two-page exhibit; one page is a letter, the second is a check.

Do you recognize the letter?

A. Yes.

Q. And is it addressed to you?

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A. Yes.

Q. And do you know the person who signed this letter?

A. No.

Q. This purports to be a letter from Friends of Gary Hart, 1988 -- dated May 10, 1988, enclosing a check of $3,000.

Do you recall getting this payment?

A. Yes.

Q. And what can you tell us about that?

A. The payment and letter came in and I was told that through the letter that they basically were going to return what equipment they had. Here was a $3,000 payment for what else they would pay and that was that.

Q. What was your reaction?

A. I was unhappy that it was so little and I didn't really think that they were treating me fairly, but then I had to accept the fact that some people were getting zero back and just be left as creditors.

Q. Who were those "some people" that were not getting any?

A. I don't know their names, but I know they were printers and these had done business in Gary Hart in '88.

Q. How do you know that?

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A. Just through hearsay that they had been talking about that for months and maybe a year.

Q. Could you have read it in the paper, too?

A. Yes, I could have read it in the paper.

Q. Their statement,

"While I realize this does not represent full payment, I assure you we continue to work at settling all of our obligations from the 1988 campaign,"

Did the Hart people discuss debt settlement with you?

A. No.

Q. Do you know what debt settlement is?

A. Not exactly.

Q. Is there a procedure under the Federal Election Campaign Act where creditors can actually settle for less than what was owed?

A. I am really unaware of most federal election rules. I have never read it and I didn't know that was available.

Q. What was your reaction to their statement that some of the equipment has disappeared?

A. I was angry, but I also felt that since they ran an incompetent campaign, I could not expect the people to be totally competent.

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Q. Did you contact them regarding this letter?

A. Yes.

Q. What did you say?

A. I called John Emerson. I don't know Gregory Label, who was the then national campaign manager. I don't know who he is to this day. And I complained and what basically I was told was, "You are a lot luckier than other people. They got nothing."

Q. Did they tell you why they sent you the 3,000?

A. Yes, as an act of good faith and they didn't have any more left.

Q. What did you say?

A. "Try to find more."

Q. The last sentence of the second paragraph, "I hope that we can reach some mutually agreeable payment for the use of these returned items," what did you understand that to mean?

A. I assume that meant they were going to talk to me about paying off the balance. Unfortunately, I don't remember ever having any conversations with them that they actually confirmed that they would pay off the balance.

Q. Certainly you had written them letters suggesting that you would like that to be the case?

A. I had written them letters preceding this. I don't remember if I wrote them letters after May 10th.

Q. And then the notation on the bottom, can you read that?

A. "(Portable phone.)" something. "Microphone," struck out, "Denver."

I guess maybe it is a city they were referring to and then fax and something.

Q. Then there is?

A. 25 percent.

Q. Does that have any significance to you?

A. I didn't write it. I can only guess at what it is.

Q. What is that?

A. They were returning -- it says "return," so I am assuming they were returning a portable phone and a fax machine or two. And then I can't tell you what the 25 percent is.

Q. And then on the second page of this exhibit is a check made out to you --

A. Uh-huh.

Q. -- dated April 26, 1988 --

A. Yes.

Q. -- for $3,000?

Then at the bottom corner, there is a

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notation. Can you read that?

A. "Payment."

Q. Did you cash the check right away?

A. Yes.

Q. Do you recall making a special effort to cash it right away?

A. No.

Q. Were you concerned the check would bounce?

A. Yes.

Q. So you advanced them or you paid for monies totaling $9,442.88 according to your February letter?

A. Yes.

Q. And then they paid you back $3,000?

A. Yes.

Q. What did you do next?

A. Well, they also sent equipment. They sent at least one, maybe two fax machines, a portable phone. I am not sure if they sent back other things, but they sent things back which they felt was equivalent of never having gotten it, so they felt they didn't owe that and I simply called and asked for the rest of my money.

Q. When did you do that?

A. Right after I received the $3,000 so it would have been in May.

Q. Who did you call?

A. John Emerson.

Q. Was Emerson dealing with any of the financial aspects of the campaign?

A. I don't know. He was the only person I really knew who was left at the campaign, so I don't know what his role was.

Q. Did you speak with anyone else at the campaign?

A. I spoke once before. I don't think -- from this point forward, I don't think so. I don't think there was anyone left in the campaign.

Q. Did Lacey Gage speak to anyone from the campaign?

A. I don't know.

Q. But you did tell her to make efforts to assure repayment?

A. Yes, but that was before we got, I think, the check in May.

Q. So after the check in May arrives, Lacey Gage is not doing anything anymore?

A. On this?

Q. Yes.

A. I don't believe so. She may have still continued conversations, as I recall. At the point this gentleman who wrote the letter Gregory Label became the

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national campaign manager, he was a national campaign manager over nothing. There was no one there under him, so my reason for calling John Emerson is he is the person I knew. I am not sure if he was still in the campaign at that time.

Q. Did the campaign ultimately give you any more money?

A. I don't know. I don't think so.

MR. HOUSTON: If you don't remember, you don't remember.

MS. REILLY: The witness is referring to a document.

THE WITNESS: I don't remember, but you have in your letter to me -- I don't remember getting any more. I am looking at what it says here in your legal analysis --

MR. HOUSTON: The document Mr. Gersten was referring to the Fact Rule Legal Analysis apparently prepared by the FEC staff in this matter.

THE WITNESS: Clearly from your document, it says that the committee on June 17th, 1988, paid me $3,710.86.

BY MS. REILLY:

Q. Did you reach a lease agreement to take back the equipment?

A. Did I reach a lease agreement? Basically I settled for whatever I could get.

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So I didn't really reach an agreement. I was so frustrated, I settled for whatever it is I could get my hands on.

Q. Did you have any conversations with anyone trying to set the leased value of the equipment that the committee used?

A. No, they did all of that. They set all values. I didn't have any conversation about it.

Q. Did you have any conversations with your own accountant regarding setting lease prices?

A. No.

Q. So you don't remember discussing this?

A. No, I -- no, I didn't.

MS. REILLY: I am going to hand to the court reporter an exhibit.

(Exhibit 12 was marked for identification by the court reporter and is attached hereto.)

BY MS. REILLY:

Q. Have you had a chance to examine this document?

A. Yes.

Q. Could you describe it for us, please?

A. It is a poor Xerox of a check written by Friends of Gary Hart in '88 -- I -- I cannot read the

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date -- for an amount that I can barely read, $3,710, and it is also a noted payment.

Q. And if I told you that the Friends of Gary Hart reported a disbursement to you on June 17th, 1988, would that refresh your recollection regarding when you got it?

A. Yes.

Q. And did you receive a check from them on June 17th, 1988?

A. Apparently so.

Q. Do you recall receiving it?

A. I don't recall receiving it, but I did.

Q. Just so I am clear, initially you testified that you bought the equipment in question the, $9,000 worth --

A. Yes.

Q. -- for the Hart committee anticipating that you would reach a lease agreement with them for three years?

A. Yes, or some period. We didn't have exactly a designated time when I was purchasing it.

Q. And that was for some of the material, not the buttons?

A. Right.

Q. And not the plane fare?

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A. Yes.

Q. And then you purchased the equipment when?

A. In January and February, I guess over a period of, January and February.

Q. And then you decided that you were unhappy and that instead of the lease agreement, you wanted something else?

A. They were to provide me with a lease agreement and they did not, and not receiving it, I wanted to be paid.

Q. And then you began your collection efforts for payment in full?

A. Right.

Q. And then they returned some of the equipment; is that correct?

A. Yes, as well as the check for $3,000.

Q. Do you recall entering a lease agreement with them at the end?

A. No.

MS. REILLY: At this point, I am going to hand to the court reporter the last exhibit. If you could mark it, please, and I am going to ask you to read this and see if it refreshes your recollection at all.

(Exhibit 13 was marked for identification by the court

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reporter and is attached hereto.)

(Witness reviews document.)

BY MS. REILLY:

Q. Have you had a chance to examine this?

A. Yes.

Q. Does it refresh your recollection regarding the lease agreement?

A. I have never seen this before.

Q. Does it refresh your recollection regarding the lease agreement?

A. No.

Q. And the statement in there, it states,

"Al has agreed to take back these two items and has also agreed after consulting with his accountant to charge us rental at a rate of 25 percent of the purchase price."

Do you recall reaching an agreement with them on this?

A. No, nor did I consult with any accountant.

Q. Is the 25-percent rate charged a reasonable rate for the use of the agreement that they had?

A. Actually for the time it was out, I guess that is a pretty high rate. It was more than reasonable. It would be beneficial to me.

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Q. And when you got the bill for that, they sent you Exhibit 11, for 3,000?

A. $710.

Q. Yes. The check. I am sorry. Did you consider the matter closed?

A. Yes.

Q. Was that your last contact with the Hart people?

A. I believe so.

Q. Have you spoken to Gary Hart since?

A. Yes.

Q. When did you last speak with him?

A. At, again the end of last summer at John Emerson's wedding in Malibu.

Q. When was the time before that that you spoke with him?

A. A year preceding that, so maybe a year ago. No, not quite that long. Maybe last February -- no. February or March, probably, of 1990.

Q. What occasion was that?

A. I was in Denver and while going through on business, the El Pollo Loco business, I just asked him if he would like to have lunch.

Q. And he did?

A. Yes.

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Q. Did you discuss the campaign?

A. No.

Q. Did you discuss the Federal Election Commission?

A. No. Nor have I ever discussed the Federal Election Commission with Gary Hart.

Q. Have you discussed Stuart Karl?

A. No.

Q. Have you seen Mike Stratton in the last year?

A. No.

Q. When was the last time you saw him?

A. At least two years ago, maybe two-and-a-half years ago in Denver.

Q. What occasion was that?

A. It could have been even three years ago at this point.

Q. What occasion was that?

A. At Gary -- Gary Hart's -- I believe it was either at Gary Hart's campaign office or somewhere in Denver for lunch. I don't remember. He joined us.

Q. And have you communicated with him since then?

A. No.

Q. John Canning, is he still with your office?

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A. No.

Q. Where is he now?

A. He is self-employed in the San Fernando Valley.

Q. Does he have his own business?

A. I believe so.

Q. What does he do?

A. I think he handles divorce and bankruptcies as a paralegal, which is a big business in California, I might add.

Q. Linda Turner?

A. Linda Turner is also employed elsewhere. She is a real estate broker with Re/Max in Beverly Hills.

Q. Lacey Gage?

A. Lacey Gage is also not with me. She is, I believe, employed at Focus Media in the Valley.

Q. What is she doing for them?

A. I don't know.

Q. Is her husband still with you?

A. No.

Q. Where is he now?

A. He is the head of the DWP. I am not sure exactly what it was.

Q. Department of --

MR. HOUSTON: He is a reporter for KNBC.

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THE WITNESS: And he is also the president of the Los Angeles Department of Water and Power Commission.

I think, I am not sure what the right title is.

MR. HOUSTON: That is right.

THE WITNESS: He is the one that asked you to conserve water.

MS. REILLY: Let's go off the record.

(A discussion was held off the record.)

MS. REILLY: Back on the record.

Q. While we were off the record, we discussed additional documents or documents that we would like to see produced and we agreed that we would take -- Respondent's counsel would take the matter under advisement and advise us on April 19th, 1991, regarding the status of our request.

It is limited to a box of Hart campaign materials that Mr. Gersten referenced in his deposition which includes certain lists, check register and check requisition form relating to Check 6044 dated 6-17-86, personal check register for a Check No. 1015 dated 3-26-87, check register and check requisition form from the special projects account, requisition forms from 11-11-86 to 2-5-87 and a copy of the fund-raising invitation.

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Does this conform to your understanding?

MR. HOUSTON: And the business plan.

MS. REILLY: And that would --

THE WITNESS: The first draft.

MR. HOUSTON: Whatever it is. You only have one.

MS. REILLY: Just to clarify, that was the correct register for the special account as well.

MR. HOUSTON: Further clarification, we are not sure if we have such an invitation.

MS. REILLY: Fine.

MR. HOUSTON: And that is for --

THE WITNESS: We also note we may not be able to locate the 1987 check register for the entire company.

BY MS. REILLY:

Q. I want to return for a moment to the Texas retreat. We never really touched on that this morning.

A. I described it as a retreat because it had a lot of people staying in one place. In reality, it only characterizes it similar to the other. It was not the same.

Q. Essentially what discussions occurred there regarding Senator Hart's candidacy?

A. A group of Texans brought together by Jim Callaway and a local cron man to discuss what chance Gary Hart had of becoming the president of the United States and

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why they should support him.

That group, they were not probably more than 50 percent of the people at the point of meeting Gary Hart for the first time who were already committed to his campaign, maybe less than 50 percent, so it was an effort to sell the people on Gary Hart.

Q. Approximately how many people were there?

A. Forty.

Q. And how long did the candidate meet with them?

A. About half a day to three-quarters of a day. Actually that is not true. About four hours morning meeting and then they all went out and played tennis.

Q. What was discussed at the morning meeting?

A. The strategies for running in the United States, meaning that Texas was very important, a very large state, would potentially because of President Bush, one of the pivotal states for the election and that there were a lot of good reasons to support Gary Hart.

I am not sure, I believe, there might have been a discussion about Gary Hart needing to fund-raise and Gary Hart's 1984 debt. The discussion of the 1984 debt seemed to always come up. It was never front and center, but it was always there.

Q. Mr. Gersten, have you given full and

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complete answers here today?

A. Yes.

Q. Do you wish to modify or change your testimony in any way?

A. No. Except to say that there are many times, as I said to you during my testimony, that I did not recall exact dates and to the best of my ability, I will go back and try to line up where the activity of '86 and '87 and '88 took place.

MR. HOUSTON: For the record, I would like to ask Mr. Gersten a couple of closing questions.

MS. REILLY: Sure. Please go ahead.

EXAMINATION

BY MR. HOUSTON:

Q. Looking at all of these various exhibits, all of your communications with the campaign committee were done on your personal stationery?

A. That is correct.

Q. Is that correct?

A. Yes.

Q. To your knowledge, did you have any communications with the campaign request for reimbursement or any type of communications that were done on corporation stationery?

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A. No, none.

Q. Do you consider and did you consider that all funds that were deposited in the special projects funds to be your personal funds and not corporate funds?

A. Yes.

Q. Was it your understanding that if you were advancing funds, so long as you were going to be reimbursed for those funds, you did not consider any such advances as they were to be contributions?

A. That is correct.

Q. And you did not seek any legal advice?

A. That is correct.

MS. REILLY: At this point, we are going to continue the deposition rather than close it. By continuing the deposition, what that means, in the event we need to talk to you again, we will be able to reopen you. The Commission does this as standard practice, but we do not anticipate calling you again. We thank you for your testimony.

Also, we will be mailing to you your witness fee check. You also have an opportunity to read and sign the transcript, if you desire.

THE WITNESS: I would like to.

MS. REILLY: Off the record.

(The deposition was adjourned at 3:30 p.m.)

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, JONNELL AGNEW, CSR NO. 5437, a Notary Public in and for the County of Los Angeles, State of California, do hereby certify:

That prior to being examined, Albert Harris Gersten, Jr., the witness named in the foregoing deposition, was by me duly sworn to testify to the truth, the whole truth and nothing but the truth;

That said deposition was taken before me at the time and place herein set forth and was taken by me in shorthand and thereafter transcribed into typewriting under my direction and supervision, and I hereby certify that the said deposition is a full, true and correct transcript of my shorthand notes so taken;

I further certify that I am neither counsel for nor related to any party to said action, nor in any way interested in the outcome thereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal this 25th day of April, 1991.

OFFICIAL SEAL
JONNELL AGNEW
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My Comm. Expires Oct. 28, 1991

Jonnell Agnew
Notary Public in and for the County of Los Angeles, State of California.

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TASK FORCE

"BUDGET FUND RAISING"

Stephen Moses Interests

March 31, 1986

Mr. William P. Dixon
Mr. Billy Shore
237 Russell
Senate Office Building
Washington, D.C. 20510

Dear Bill and Billy:

At long last, I enclose our revised version of the Rough Draft of the Fundraising and Budgeting Process memorandum sent to your office by Mike Gage.

Kindest regards,

STEPHEN D. MOSES

SDM:sah

cc: David Stein
Albert Gersten, Jr.

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11812 San Vicente Boulevard • Los Angeles, CA 90049 • (213)

Stratton & Associates

M E M O

TO: All Invitees
Hart Volunteer Committee Denver Retreat (July 11 - 13)

FR: Stratton & Associates

RE: Travel Arrangements/Logistics, Etc.

DA: 6/5/86

As you are aware, we will be coordinating the July retreat in Denver. Plans are being finalized and an interesting and fun get together with Gary, Lee and the rest of the Hart "family" awaits you. Steady activity will continue from Friday the 11th at 4:30 pm to Sunday the 13th at 2 pm. Therefore, your travel plans should te made accordingly. We have arranged for excellent hotel accommodations @ $25.00 per person double occupancy and @ $50.00 single occupancy. This is on a limited number of units and on a first come first serve basis. On a limited basis we will have private housing available for those who cannot afford the hotel rooms. You will be hearing from someone in my office very soon, (Will Dupree, Paula Haikara or Kemetka Jordan.) We will need to know the following as soon as possible:

When will you arrive?
Day -
Time -
Plane/car, etc. (all planes will be met)

What accommodations do you need:
Double -
Roommate preference -
Single -
Private Home -

When will you depart
Day -
Time -
Plane/car, etc. (transportation to airport provided)

Any special requirements?

SEE YOU SOON!

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[redacted]

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THE GERSTEN COMPA[illegible]
9701 WILSHIRE BLVD., STE. 1[illegible]
BEVERLY HILLS, CA 90212

UNION BANK
[illegible]

16-77/322
1220

JUNE 17 19 86

PAY TWENTY FIVE HUNDRED DOLLARS AND NO/100********** DOLLARS $ 2,500.00

TO THE ORDER OF
STRATTON & ASSOCIATES
1732 EAST 17th AVE
DENVER, COLORADO 80218

THE GERSTEN COMPANIES CENTRAL DISTRIBUTION ACCOUNT

[illegible]

⑆042360455⑆0

1 X [illegible]

ALBERT H. GERSTEN, JR.
[illegible] WILSHIRE BLVD., NO. [illegible]
BEVERLY HILLS, CA [illegible]

1015

3/26/32

PAY TO THE ORDER OF Stutter & Gee $2.50

Twenty five Dollars

CITY NATIONAL BANK
[illegible]

MEMO

⑆043604551⑆

STRATTON & ASSOCIATES
1732 EAST 17TH AVENUE
DENVER, COLORADO 80218

3255

23-367/1020

3/31 19 87

Pay to the Order of Albert Gerstein, Jr. $ 2500.0

Two Thousand Five Hundred Dol

TSB TRI-STATE BANK
DENVER, COLORADO

For July '86 retreat rebate

Michael J. Stratton

⑆ 4 0 4 3

Mailed 5
Loan Fees

9 4 C32
4C11.00.0

1806

FRIENDS OF GARY HART
1000 DOWNING 894-1000
DENVER, COLO. 80218

5-2 1987

23-7/1020

PAY TO THE ORDER OF Albert Gerstein Jr. $ 625.00

Six hundred twenty five and xx/100 DOLLARS

United Bank of Denver

David J. Bills

FOR Excess contribution refund

:000 1806: :10 20000 76: 740 901:

Agenda For Denver, Colorado Meeting
July 11-13, 1986

FRIDAY EVENING: Arrivals by 4:00 PM.

4:30 - 6.15 PM: Reception sponsored by the Colorado Host Committee at Executive Tower Inn. Informal dinner arrangements can be made at the reception since no formal dinner is planned.

Executive Tower Inn (ETI)
1405 Curtis Street
Denver
303-571-0300

SATURDAY:

8:00 - 9:00 AM: Continental Breakfast at Executive Tower Inn

9:00: FIRST SESSION begins

9:00 - 9:15: Welcome by Bill Dixon, overview of what we intend to accomplish during the weekend, description of agenda, opening remarks.

9:15 - 9:45: Bill Dixon and Bill Shore, summary of overall political strategy for 1986 and the future.

9:45 - 10:00: Q&A

10:00 - 10:45: PANEL I. Mike Moore, Richard Wagner, Jack Quinn, and Bill Dixon to discuss: debt retirement, fundraising strategy, FEC compliance, and related campaign finance matters.

10:45 - 11:15: Q&A

11:15 - 12:00: PANEL II. Bill Morton, Jack Quinn, Bill Dixon and Bill Shore to discuss Fairness Commission rules, changes in 1988 calendar, delegate selection procedures, DNC and automatic delegates.

12:00 - 12:15: Q&A

12:15 - 1:30: Lunch

[redacted]

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1:30: SECOND SESSION BEGINS

1:30: - 2:15: PANEL III. Jon Mills, John Emerson, Sue Casey, Chris Brown, John Kulewicz and Rick Ridder to discuss organizing techniques, recruitment of elected officials into state organizations, integration of party establishment, and related matters.

2:15 - 2:30: Q&A

2:30 - 3:00: PANEL IV. Greg Lebel, Doug Wilson, Chris Phillips, and Bill Shore to discuss 1986 elections, candidates GH is helping, The Volunteer Committee, etc.

3:00 - 3:45: PANEL V. Discussion on issues, themes, press - Kevin Sweeney and David Dreyer.

3:45 - 4:00: Q&A

4:00 - 4:15: BREAK. ARRIVAL OF GWH. MIX AND MINGLE

4:15 SECOND SESSION CONTINUES

4:15 - 4:45: GWH speaks on his vision of where the country is headed, major themes, etc.

4:45 - 5:45: Open group discussion with GWH

5:45 - 6:45: DOWNTIME

6:45 - 7:00: Van departure to dinner

7:00: Dinner at The Denver Kent Day School

SUNDAY:

8:00 - 9:00: Continental Breakfast at ETI

9:00: THIRD SESSION BEGINS

9:00 - 9:30: PANEL VI. Discussion by Chris Phillips and Richard Wagner on communications networks - - both intra and interstate: lists, newsletters, etc.

9:30 - 10:15: SUMMARY AND WRAP-UP by Bill Dixon and Bill Shore. Outline of specific requests of state leaders for the future.

0043600555

10:15 - 10:30: Depart for Gary and Lee's home at Troublesome Gulch

NOTE: LAST VAN DEPARTS AT 10.30 AM SHARP!!!

11:00 - 1:00: BRUNCH AT TROUBLESOME GULCH with Gary and Lee Hart

1:00: Retreat ends. Open time. Departures.

24360 5556

Albert H. Gersten Jr.
9701 WILSHIRE BOULEVARD · SUITE 1001
BEVERLY HILLS, CALIFORNIA 90212
(213) 272-0700

2/9/88

February 9, 1988

Friends of Gary Hart
Attn: Sue Casey, Campaign Manager
1660 Giltin Street
Denver, CO 80218

Dear Sue:

Pursuant to our verbal agreement and understanding, I am now requesting reimbursement in the amount of $9,442.88 for the following described equipment provided to the campaign:

Equipment:	Invoice:	Amount:
· 2 FAX machines	4P 615072	$2,770.70
· 1 PA System	10-118759	1.496.00
· 1 Handheld telephone	10102	1,704.00
· 2 Cellular phones	001260	1,917.00
· 5,000 Gary Hart buttons	3186	1,140.18
	Total:	$9,027.88

Also, we would like reimbursement for Ken Dean's travel reservations from San Francisco to Burlington, Virginia on December 24, 1987 per Invoice #63627 in the amount of $415.00 which brings the grand total to $9,442.88.

Thank you for your immediate consideration to this matter. If you have any questions or need added clarification please do not hesitate to contact me.

Sincerely,

Albert H. Gersten

AHG:rp

[redacted]

0243600557

QTY	MODEL NO.	CODE NO.	PRICE		AMOUNT	
2	PAC-TEL AMTEL 3000	511865	1299	90	2579	80
2	MAXELL MD2-D 5¼	514299	10	90	21	80

CHECKED OUT BY ADRAY'S

003003 20 7537 01-19-88 32

-- REMEMBER --

- KEEP YOUR BOX, ALL PACKING MATERIALS, SCREWS, AND INSTRUCTIONS.
- DO NOT FILL OUT MANUFACTURER'S WARRANTY CARD UNTIL YOU ARE SURE THE UNIT IS WORKING CORRECTLY.

THIS INSURES THAT NO SERVICE CHARGE WILL BE ASSESSED FOR MISSING ITEMS IN THE EVENT THE UNIT IS RETURNED UNDER ADRAY'S

BUYER PROTECTION PLAN . . . ASK YOUR SALES COUNSELOR FOR THE DETAILS.

SEE REVERSE SIDE FOR ADDITIONAL CONDITIONS OF SALE

MERCHANDISE TOTAL	2601	60
DELIVERY		
TOTAL SALE		
SALES TAX	169	10
TOTAL AMOUNT		
DEPOSIT		
	2770	70

MON-FRI 10:00AM TO 7:00 PM
SATURDAY 10:00AM TO 6:00 PM
SUNDAY 11:00 AM TO 5:00 PM

MERCHANDISE RECEIVED IN GOOD CONDITION

DELIVERED BY

CUSTOMER

2770.70

32

000

0 * 6

169 1 ÷

2,601 6 =

0 0649931 6248 * +

001

0 0649984 6248 * 6

CA TAX = 6.5%

2,579 8 ×

1 065 =

2,747 49 * +

2,747 49 ÷

2 =

Flip machine → 1,373 75 * +

002

ADRY-HART

CHECKED OUT BY ADRAY'S

003003 20 7537 01-19-88 32

CAMERA

6 511865 MDS 1 2579.80 T

2 @ 10.90 CAMERA

6 514299 MDS 21.80 T

SUBTOTAL 2601.60

06 TAX 169.10

20 [redacted]

2 AMOUNT TENDERED 2770.70

CHANGE .00

THANK YOU

2

9

12/0[redacted] 11/69 03 AX

ALBER[redacted] FORESTER JR.

GUITAR CENTER
HOLLYWOOD CA

10

22

PA System

8

T,496 -

Old SOS93447

Cards 618294

Cardmember Copy

3

1 2 0 4 3 6 0 4 5 5 9

Guitar Center

DATE 1/20/88

NAME Carsten Companies

ADDRESS 9701 Wilshire Blvd 273-3760

CITY Beverly Hills STATE Calif ZIP

☐ RADIO ☐ G.C. NEWS ☐ YELLOW PAGES ☐ FRIEND ☐ REPEAT ☐ OTHER

SALE # 10389

10267

POA | DEPOSIT | C.O.D. | PAID OUT

PAYMENT: ☐ CASH ☐ CHECK ☐ MC/VISA ☒ AX ☐ DIN.

COMPUTER CODE	QTY.	DESCRIPTION	AMOUNT
GX 250 MI	1	AMPLIFIER	
		S# 11306	
		S# 900	
YA 520X	1	SPEAKER	
		S# 11248	
		S# 1069	
YA 520X	1	SPEAKER	
		S# 11248A	
		S# 1070	
AC CA 25	2	SPEAKER CABLES	
MV 201 HT	1	WIRELESS MIKE	
		S# 11325	
		S# 700	
MS MM 7/8	1	MIC STAND	SUBTOTAL
LL M 70	1	MIC CABLE	TAX
A-3201	1	TRIPOD STAND	TOTAL

ALL SALES ARE FINAL AND SUBJECT TO MANAGER'S APPROVAL

SEE REVERSE SIDE FOR ALL OUR STORE CONDITIONS

CUSTOMER SIGNATURE

10-118759

CUSTOMER COPY

4

>4043600 5560.

Guitar Center

DATE 1/20/98

NAME GERSTEN COMPANIES

ADDRESS 9701 WILSHIRE BLVD PHONE 270 0700

CITY BEVERLY HILLS STATE CA ZIP 90212

☐ RADIO ☐ MUSIC NEWS ☐ YELLOW PAGES ☐ FRIEND ☐ REPEAT ☐ OTHER

SOLD BY MK 10267 | ROA | DEPOSIT | SPO | PAID OUT

FLOOR 10389 | PAYMENT ☐ CASH ☒ CHECK ☐ MC/VISA ☐ AX ☐ DSC

COMPUTER CODE	QTY.	DESCRIPTION	AMOUNT
GK RACK	1	G.K. STAND	
RENT 1135	2	MIC STAND	
		USE NEXT	
		DAY AIR	
		SUBTOTAL	
NO TAX SHIPPED OUT OF STATE			0
		TOTAL	1,496 —

ALL SALES ARE FINAL AND SUBJECT TO MANAGER'S APPROVAL

SEE REVERSE SIDE FOR ALL OUR STORE LOCATIONS

APPROVED BY [signature] CUSTOMER SIGNATURE [signature]

MK

10-118760

CUSTOMER COPY

>40436005615

1

[redacted]

3601

January 20 1988

PAY TO THE ORDER OF Kpaco Enterprises, Inc. $ 1917.00

One-Thousand, nine-hundred and seventeen 00/100 DOLLARS

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

FOR Inv. # 001260

[redacted]

⑆122000496⑆ 4036045 5/2

6

[redacted] E. EUCLID AVENUE
[redacted]MPTON, CA 90224

ORIGINAL INVOICE

ACCOUNT NO.	INVOICE NO.	INVOICE DATE
	001280	1/15/88

SOLD TO
MR. ALBERT [redacted]
THE GERSTEN [redacted]
9701 WILSHIRE [redacted]
SUITE 1001
BEVERLY HILLS, CA 90212

SOLD TO

SAME

[redacted] goods will not be accepted for credit without our written permission and transportation charges prepaid.

A charge of 10% will be made to cover handling.

Salesmen cannot authorize the return of any merchandise, nor are they permitted to make allowances.

CUSTOMER ORD. NO.	SALESMAN	REP. NO.	TERMS	F.F.A.	COLL.	P
	S. Kraines					

STOCK NO.	DESCRIPTION	ORDERED	BACK ORD.	SHIPPED	UNIT PRICE	DISCOUNT %	AMOUNT
KCP-205	TRANS-MOBILE CELLULAR PHONE	2		2	$900.00		$1,800.00
	SALES TAX				117.00		117.00

[redacted]

7

PLEASE PAY THIS AMOUNT — $1,917.00

MOTOROLA

Motorola Cellular Service Inc.

1. Market (City) Los Angeles
2. Special Instructions
3. Existing MCSI Ac[illegible] (if applicable)
4. Application Date [illegible]85
5. Customer Contact Name Albert Cristen
6. Customer Telephone Numbe
7. Model# of Equipment KCP-205

Mobile _____ Portable _____ Transportable _____

8. Electronic Serial No.

9. BILLING RESPONSIBILITY

Bill to Name The Cristen Companies
Attention Albert Cristen
Address 9701 Wilshire Blvd.
Suite 1001
City/State/Zip Beverly Hills Ca 9021
County LASA

INTERNAL USE ONLY

Customer No. _____
Plan Code _____ Tax Code _____

10. Tax Exempt ☐ Federal ☐ State ☐ Local

PLEASE PROVIDE COPY OF APPLICABLE TAX EXEMPT CERTIFICATES

12. Zo[illegible]ded _____
13. Activation Date _____
14. Billing Plan

☑ Basic
☐ Frequent Caller
☐ Express
☐ Off-Peak
☐ Other _____

Service Features
☐ Call Waiting
☐ Call Forwarding
☐ Three-way calling
☐ Detailed Billing
☐ Local service area only
Other _____

15. INITIAL CHARGES

Activation _____ Monthly Svc. Charge _____
Peak Mins _____ /min Off-Peak mins _____ /min
Other _____
Security Deposit* _____
*may be required

16. Cellular Telephone Number (Supplied by MCSI)
213 211 1216

11. CREDIT INFORMATION

Bank Ref./Contact _____ Account No./Phone _____
Reference/Contact Wilmington Trust (Name, (Business) or Credit Card & Exp. Date (Individual)) Account No./Phone
Reference/Contact Lasalle (Name, (Business) or Credit Card & Exp. Date (Individual)) Account No./Phone
Trade Reference _____ Account No./Phone _____
Type of Ownership (Business Only) ☐ Sole ☐ Partnership ☐ Limited Partner ☐ Corporation

THE CUSTOMER UNDERSTANDS AND AGREES THAT THE ABOVE INFORMATION WILL BE USED TO ESTABLISH CUSTOMER'S APPLICATION FOR CELLULAR RADIO SERVICE. THIS APPLICATION IS NOT A GUARANTEE THAT CUSTOMER WILL RECEIVE CELLULAR RADIO SERVICE. THE CUSTOMER FURTHER AGREES TO THE TERMS AND CONDITIONS ON THE REVERSE SIDE UPON ACCEPTANCE OF THE APPLICATION BY MOTOROLA CELLULAR SERVICE, INC. CUSTOMER FURTHER AGREES, UPON ACCEPTANCE, THAT IN THE EVENT OF CANCELLATION OF THIS CONTRACT FOR CELLULAR RADIO SERVICE, MOTOROLA CELLULAR SERVICE INC. WILL RETAIN THE CUSTOMER'S ELECTRONIC SERIAL NUMBER UNTIL ALL CHARGES HAVE BEEN PAID.

THE UNDERSIGNED AUTHORIZES AND INSTRUCTS ANY PERSON OR CONSUMER REPORTING AGENCY TO COMPILE AND FURNISH MOTOROLA CELLULAR SERVICE, INC. WITH ANY INFORMATION IT MAY HAVE OR OBTAIN IN RESPONSE TO AN INQUIRY FROM MOTOROLA CELLULAR SERVICE, INC.

Customer Signature _____

Salesperson's Signature _____

Store Code _____ Retailer Name _____

MCSI-4 • Rev 9/87

White—MCSI Yellow—MCSI Accounting [illegible] Green—Kraco Blue-[illegible]

2420436025654

MOTOROLA

Motorola Cellular Service Inc.

1. Market (City) LOS ANGELES
2. Special Instructions [redacted]
3. Existing MDN [redacted]
4. Application Date [redacted]
5. Customer Contact Name Albert Gerstein
6. Customer Telephone Number
7. Model# of Equipment KCP-205
   Mobile ____ Portable ____ Transportable ____
8. Electronic Serial No. ____

9. BILLING RESPONSIBILITY
   Bill to Name The Gerstein Companies
   Attention Albert Gerstein
   Address 9701 Wilshire Blvd.
   Suite 1001
   City/State/Zip Beverly Hills, CA 90212
   County USA

INTERNAL USE ONLY
Customer No. [redacted]
Plan Code [redacted] Tax Code [redacted]

10. Tax Exempt ☐ Federal ☐ State ☐ Local

PLEASE PROVIDE COPY OF APPLICABLE TAX EXEMPT CERTIFICATES

11. CREDIT INFORMATION
    Bank Ref./Contact ____ Account No./Phone ____
    Reference/Contact AMERICAN EXPRESS Account No./Phone
    Reference/Contact USA Account No./Phone
    Trade Reference [redacted] Account No./Phone ____
    Type of Ownership (Business Only) [redacted] ☐ Partnership ☐ Limited Partner ☐ Corporation

12. Zone Assigned LOS ANGELES
13. Activation Date 1-15-88
14. Billing Plan
    ✓ Basic
    ___ Frequent Caller
    ___ Express
    ___ Off-Peak
    ___ Other ____
    Service Features
    ___ Call Waiting
    ___ Call Forwarding
    ___ Three-way calling
    ___ Detailed Billing
    ___ Local service area only
    Other ____

15. INITIAL CHARGES
    Activation ____ Monthly Svc. Charge ____
    Peak Mins ____ /min Off-Peak mins ____ /min
    Other ____
    Security Deposit* ____
    *may be required

16. Cellular Telephone Number (Supplied by MCSI)
    213 71[redacted] 1175

THE CUSTOMER UNDERSTANDS AND AGREES THAT THE ABOVE INFORMATION WILL BE USED TO ESTABLISH CUSTOMER'S APPLICATION FOR CELLULAR RADIO SERVICE. THIS APPLICATION IS NOT A GUARANTEE THAT CUSTOMER WILL RECEIVE CELLULAR RADIO SERVICE. THE CUSTOMER FURTHER AGREES TO THE TERMS AND CONDITIONS ON THE REVERSE SIDE UPON ACCEPTANCE OF THE APPLICATION BY MOTOROLA CELLULAR SERVICE, INC. CUSTOMER FURTHER AGREES, UPON ACCEPTANCE, THAT IN THE EVENT OF CANCELLATION OF THIS CONTRACT FOR CELLULAR RADIO SERVICE, MOTOROLA CELLULAR SERVICE INC. WILL RETAIN THE CUSTOMER'S ELECTRONIC SERIAL NUMBER UNTIL ALL CHARGES HAVE BEEN PAID.

THE UNDERSIGNED AUTHORIZES AND INSTRUCTS ANY PERSON OR CONSUMER REPORTING AGENCY TO COMPILE AND FURNISH MOTOROLA CELLULAR SERVICE, INC. WITH ANY INFORMATION IT MAY HAVE OR OBTAIN IN RESPONSE TO AN INQUIRY FROM MOTOROLA CELLULAR SERVICE, INC.

Customer Signature [signature]

Salesperson's Signature ____

Store Code ____ Retailer Name ____

MCSI-4 • Rev. 9/87

Yellow—MCSI Accounting Pink—Customer Blue—Retailer

[redacted] JR.

3622

January 29, 88

PAY TO THE ORDER OF Communications Consultants Co. $ 1709.00

One-thousand, seven-hundred and nine — 00 — DOLLARS

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

FOR Inv. No. 10102

[redacted]

⑆243604566

QUALITY • SERVICE • INTEGRITY

INVOICE

№ 10102

CC[illegible]NICATIONS CONSULTANTS CO.
7707 Woodley Avenue, Van Nuys, California 91406
(818) 901-9711

INVOICE DATE	DATE SHIPPED
01/20/88	01/22/88
YOUR ORDER NO	OUR ORDER NO

SOLD TO
Gersten Contruction
9701 Wilshire Blvd. Suite 1000
Beverly Hills, CA 90212

TERMS: Due Upon Presentation

SHIPPED VIA | PKG NO COLL

SHIPPED TO: John Canning

SALESMAN

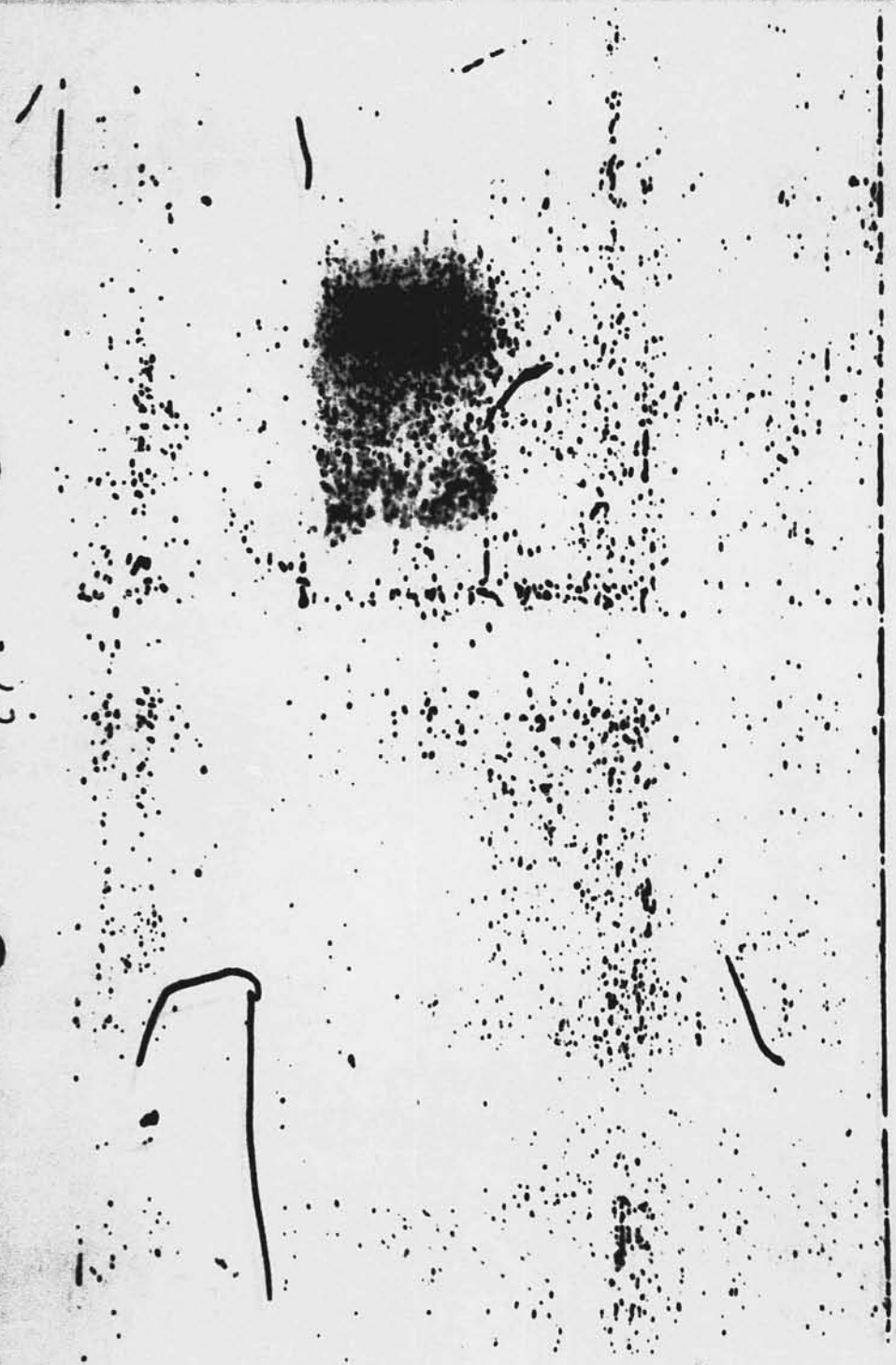
QUANTITY	DESCRIPTION	PRICE	AMOUNT
1	Mitsubishi 700 Handheld		$1600.00
	Sales tax		104.00
	Serial number: 1790		$1704.00

Rec'd. from G.A. Jan 22 1988
Pers. Ck #3688 11/29/88

>4043600 56

[illegible]

11



LOS ANGELES TROPHY & AWARD CO.
3411 W. Venice Blvd.
LOS ANGELES, CALIFORNIA 90019
(213) 735-0000

CUSTOMER'S ORDER NO. | PHONE | DATE 4/88

Letter

NAME The Gruston Co. % Lind[redacted]

ADDRESS 9701 Wilshire Blvd. [redacted]

Beverly Hills, CA 902[redacted]

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RET'D	PAID OUT	6.18 6.9

QTY.	DESCRIPTION	PRICE	AMOUNT
5000	-1 1/4" Grey Heart Color Buttons		993 60
	tax		64 58
			1058 18
	UPS & handling (3 cartons)		82 00
			1140 18

PLEASE PAY BY INVOICE

JAN

RECEIVED BY | TOTAL 1140 18

All claims and returned goods MUST be accompanied by this bill

INVOICE 3.6045688

Thank You

TRAVEL BOUND
15821 VENTURA BLVD · SUITE 520
ENCINO · CA 91436
(818) 708-2121 · (213) 873-1064
TELEX 981222

INVOICE

ACCT. NO.	DATE	PAGE	INVOICE
102	24 DEC 87	1	63627

[redacted] SOLD TO

K. DEAN

Ken Dean

DISTRIBUTE TO

K. DEAN

DATE	CITY-AIRPORT	TIME	AIRLINE	FLIGHT/CL	SEAT	MEAL
24DEC THU	LV SAN FRANCISCO		UNITED	126B		
	AR CHICAGO/OHARE		ARVL 24DEC			
24DEC THU	LV CHICAGO/OHARE		UNITED	400B		
	AR BURLINGTON, V		ARVL 24DEC			

DEAN/K.

	415.00
PREPAID TICKET	415.00
TOTAL $	0.00

[redacted]

13

7-10

01 00 00 [redacted] $ 386.11 TX $ 28.89 AC007A7720 63627

4043609045699

Albert H. Gersten Jr.

9701 WILSHIRE BOULEVARD • SUITE 1000
BEVERLY HILLS, CALIFORNIA 90212
TELEPHONE (213) 272-0815

February 26, 1988

Friends of Gary Hart
Attn: Sue Casey, Campaign Manager
1660 Giltin Street
Denver, CO 80218

Dear Sue:

Pursuant to our verbal agreement and understanding, I am now requesting reimbursement in the amount of $92.03 for the enclosed telephone bill from Cellular One.

Thank you for your immediate consideration to this matter.

Sincerely,

Albert H. Gersten

AHG:rp
Enclosure

[redacted]

CELLULAR ONE

Change of Address

INVOICE

Date Feb 5, 1988

TOTAL AMOUNT DUE $92.03

ENTER AMOUNT ENCLOSED _____

PAYMENT IS DUE BY: Mar 1
PLEASE RETURN THIS PAGE WITH REMITTANCE

SEND CHECK PAYABLE TO:

CELLULAR ONE
Washington/Baltimore
P.O. Box 64651
Baltimore, MD 21264

GERSTEN CONSTRUCTION
JOHN CANNING
9701 WILSHIRE BLVD. #1000
BEVERLY HILLS, CA 90212

2404360457 1

CELLULAR ONE

(Orig.)

Page 2 .. Account Detail Bill Date Feb 5, 1988

Previous Balance	0.00	
Payments	0.00	
Balance Forward		0.00
Non-recurring Charges	50.00	
Monthly Charges	40.81	
Airtime Charges	0.00	
Land Charges	0.00	
Tax: Fed: 1.22 St: 0.00	1.22	
TOTAL CURRENT CHARGES		92.03
TOTAL AMOUNT DUE by Mar 1		92.03

FEB 11 1988

Gary Hart

>4043604572

CELLULAR ONE

Page 3 Account Detail Bill Date Feb 5, 1988

Dear Subscriber,

NN For your convenience, we have instituted an "F.Y.I." line to introduce new information to you. The number to dial is #1394 from your cellular phone. THIS IS A FREE CALL! (NOTE: THIS NUMBER HAS PREVIOUSLY #394).

NN If you would like to make any changes in your cellular service, please give Customer Care a call and we will handle your change quickly and efficiently.

NN If you would like to send written correspondence, it should be directed to: CELLULAR ONE, 7855 Walker Drive, Greenbelt, MD 20770.

NN To speak to a Collections Specialist, dial (301)220-3611 (free from your Cellular One phone) or 1-(800)CELL-ONE.

CELLULAR ONE

Page 4 Phone Detail Bill Date Feb 5, 1988

Detail of Phone Charges

Detail of non-recurring charges:

Albert H. Gersten

9701 WILSHIRE BOULEVARD · SUITE 1001
BEVERLY HILLS, CALIFORNIA 90212
(213) 272-0700

March 25, 1988

Senator Gary Hart
Davis, Graham and Stubbs
370 17th Street, Suite 4700
Denver, CO 80202

Dear Gary:

I hope this letter finds you enjoying a regular life with a little less hectic schedule than last we spoke. Marilynn and I both wish you and Lee the best and maybe we will see you when you're in California or we're in Denver next. When your plans need me especially, please call if I can be of any help.

By the way, I have been receiving calls from various reporters but the most interesti[illegible] the reporter who told me you have decided to go into ac[illegible]ther than practice law. Who knows...stranger things have happened. But, seriously, your friendship and then your campaign have been very rewarding and certainly enlightening, and I for one wish you everything you wish for yourself.

As it pertains to your campaign, if I can be of any help, please let me know if you need help sorting out loose ends. Also, on February 9, 1988, I sent a bill to the campaign, attention Sue Casey, that I would appreciate your having her follow-up on.

I remain your friend.

Sincerely,

Albert H. Gersten

AHG:rp

[redacted]

HQ/88

NOTICE

EASE REMIT

YMENT-A.S.A.P.

Thank You!

Albert H. Gersten Jr.
9701 WILSHIRE BOULEVARD • SUITE 1001
BEVERLY HILLS, CALIFORNIA 90212
(213) 272-0700

February 9, 1988

Friends of Gary Hart
Attn: Sue Casey, Campaign Manager
1660 Giltin Street
Denver, CO 80218

Dear Sue:

Pursuant to our verbal agreement and understanding, I am now requesting reimbursement in the amount of $9,442.88 for the following described equipment provided to the campaign:

Equipment:	Invoice:	Amount:
2 FAX machines	4P 615072	$2,770.70
1 PA System	10-118759	1.496.00
1 Handheld telephone	10102	1,704.00
2 Cellular phones	001260	1,917.00
5,000 Gary Hart buttons	3186	1,140.18
	Total:	$9,027.88

Also, we would like reimbursement for Ken Dean's travel reservations from San Francisco to Burlington, Virginia on December 24, 1987 per Invoice #63627 in the amount of $415.00 which brings the grand total to $9,442.88.

Thank you for your immediate consideration to this matter. If you have any questions or need added clarification, please do not hesitate to contact me.

Sincerely,

Albert H. Gersten

AHG:rp

[redacted]

0 4 0 4 3 6 0 5 7 4

FRIENDS OF GARY HART 1988

[redacted]

May 10, 1988

Mr. Albert Gersten
The Gersten Companies
9701 Wilshire Boulevard
Suite 1001
Beverly Hills, California 90212

Dear Mr. Gersten: 141

Enclosed is a check in the amount of three thousand dollars ($3,000.00) in partial payment for equipment which you purchased this past winter for the use of Friends of Gary Hart 1988. While I realize that this does not represent full payment, I assure you that we continue to work at settling all of our obligations from the 1988 campaign.

Unfortunately, some of the equipment which you sent us has, during the course of the campaign, disappeared. We are making every effort to recover the missing items. Meanwhile, we will be returning some of the other pieces of equipment to you, including a FAX machine and portable telephone. I hope that we can reach some mutually agreeable payment for the use of these returned items.

I greatly appreciate your patience as we conclude the financial aspects of the campaign. I will call you in the next several [redacted] to discuss a schedule of repayment for the outstan[redacted]tion of the bill.

[redacted]

Yours very truly,

Gregory G. Dabel
National Campaign Manager

[redacted]

Paid for by Friends of Gary Hart 1988

[redacted]

> 4 0 4 3 6 0 5 7 5

FRIENDS OF GARY HART 1988, INC.
1560 GILPIN ST (303) 329-0168
DENVER, CO 80218

2661

23-7/1020

4-26 1988

to the order of Albert Hewston $3000.00

Three Thousand Dollars & no/100 Dollars

United Bank
United Bank of Denver • [illegible]
[illegible] • 1700 Broadway • Denver, CO 80274

Purpose

⑈002661⑈ ⑆102000076⑆ 740 90⑈

⑆40436005776

4043600 5717

FRIENDS OF GARY HART 1988, INC.
1660 GILPIN ST (303) 329-6188
DENVER, CO 80218

2719

23-7100

6/7 19 88

to the
er of Alice C. Winston $ 3710.47

Three Thousand Seven Hundred Ten Dollars and 47/100 Dollars

United Bank
United Bank of Denver

Payment

⑈002719⑈ ⑆102000076⑆ 740 908⑈ ⑈0000371086⑈

[redacted] BILL DUE AL GERSTEN

I have [redacted] with Al's office regarding settlement of the bill for equipment which he purchased and sent to New Hampshire last January. We have an agreement on the various pieces of this situation. By way of refreshing your memory:

Al purchased and sent to NH $9,027.88 worth of equipment including sound equipment, FAX machines and telephones. He billed us in due time for the equipment.

We sent Al a check for $3000.00 on May 10 in partial payment.

I contacted Al by letter to see if we cound return some of the equipment and pay a rental fee for the time it was used. This was done subsequent to conversations with you to obtain your consent and Jim Downum to get an idea of what would be appropriate rent charges. The returnable equipment includes one FAX machine and one portable telephone.

Al has agreed to take back these two items and has also agreed, after consulting with his accountant, to charge us rental at a rate of 25% of purchase price. This is the amount suggested by Jim when I asked his advice.

Therefore, the current bill looks like this:

Original Charges		$9,027.88
5/10 88 Payment		-3,000.00
Total Due 5/25		$6,027.88
FAX Purchase Price:	$1385.35	
Phone Purchase Price:	$1704.00	
[redacted]	$3089.35	
75% [redacted]		-2317.02
TOTAL [redacted]		$3710.86

This comes to about $2300 less than the original bill. If all of this is okay with you. let's pay him and get this one behind us. Okay?

[redacted]

0043600578

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 3, 1991

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael Stratton
Stratton & Associates
1732 East 17th Avenue
Denver, Colorado 80218

RE: MUR 3020

Dear Mr. Stratton:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires you to appear and give sworn testimony on May 24, 1991 in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 C.F.R. § 111.14, a witness summoned by the Commission shall be paid $30.00, plus mileage at the rate of 24 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

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Within two days of your receipt of this notification, please confirm your scheduled appearance with Mark Allen at (800) 424-9530.

If you have any questions, please contact Patty Reilly, the attorney assigned to this matter, at (800) 424-9530.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Subpoena

24436045800

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3020
)

SUBPOENA

TO: Michael Stratton
1732 East 17th Avenue
Denver, Colorado 80218

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 3020. Notice is hereby given that the deposition is to be taken on May 24, 1991 in Room 1200 at the United States Attorney's Office, 1961 Stout Street, Denver, Colorado, beginning at 9:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C., on this 1st day of May, 1991.

John Warren McGarry, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

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OGL 1110

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May 9, 1991

Direct Dial No.:
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Our Reference No.:

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91 MAY 13 PM 2:38

Patty Reilly
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3020
Albert H. Gersten, Jr.
The Gersten Companies, Inc.

Dear Ms. Reilly:

Enclosed please find the documents which you requested from my clients, Mr. Albert H. Gersten, Jr., and The Gersten Companies, Inc. The documents include:

1. A draft copy of the 1988 Gary Hart Business Plan. This draft indicates: (a) at Page VI-II, that the Hart Committee planned to routinely have individuals advance the costs of fundraisers (at least "early" fundraisers) and then receive reimbursement from the proceeds of the event; and (b) that many "early" activities i.e., group meetings, retreats, etc., were to be treated as "exploratory" in nature and therefore covered by different restrictions and reporting obligations.

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2. Copies of the "list" files to which Mr. Gersten referred in his deposition. These files consist of the names of participants in various Hart groups, or meetings; potential campaign contributors; persons to be involved in fundraising activities, etc.

3. A copy of the requisition form and check stub for The Gersten Companies, Inc.'s, Check No. 6044, dated 6/17/86 for $2,500 to Michael Stratton & Associates. The check stub indicates that this check was written for Mr. Gage's participation in the Denver retreat, which Mr. Gersten did not attend. Mr. Gersten's secretary located a copy of the check register for Mr. Gersten's personal checks, which indicated next to #1015 "Michael Stratton & Associates." There was no other explanation for the check. Unfortunately, the register has now been misplaced. Once it is relocated a copy of the page including the entry for check #1015 will be forwarded to you.

4. A copy of a personal Check No. 3591 from Mr. Gersten to Michael Stratton for $3750, dated January 14th, 1988 and the related check stub. Also a copy of a letter from Michael Stratton to Albert Gersten concerning this check, thanking Mr. Gersten for his contribution to Mr. Stratton's legal defense. This information helps explain Mr. Gersten's confusion over the Stratton checks.

5. Copies of all check stubs and requisition forms for all checks written on The Gersten Companies, Inc., Special Projects Account from 11/11/86 to 2/5/87.

6. A copy of the invitation to the Hart fundraiser which was held at the Beverly Hills Hotel on January 29th, 1987.

7. Examples of other checks drawn on the Special Projects Account to show the other type of <u>personal</u> charitable and political activities which were supported by Mr. Gersten out of this special account.

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San Francisco, CA 94111
Note: Harriman committee - comp.

0043604644

)Ms. Barbara Shupin (Barbara)
101 Lombard Street, #403-E
San Francisco, CA 94111
Note: Hart$: 1,000

)Ms. Betty Smith (Betty)
California Democratic Party
760 Market Street
San Francisco, CA 94102
Note: CA cabinet, CA Dem party state chair

)Mr. George D. Smith, Jr. (George)
3425 Jackson Street
San Francisco, CA 94118
Note: DNC/NFC - California

)Mr. Leonard Stefanelli (Leonard)
Sunset Scavanger
Tunnel Ave. and Beatty Road
San Francisco, CA 94134
Note: DNC/DBC prospect

)Mr. Elliott Steinberg (Elliott)
Aviva Enterprises
111 Potrero
San Francisco, CA 94103
Note: DNC/NFC - California

)Mr. Larry Stone (Larry)
IMA Financial
260 California Street
San Francisco, CA 94111
Note: prospect

)Mr. Edward L. Strombehn (Edward)
San Francisco, CA
Note: prospect

)Ms. Jean Strunsky (Jean)
2266 Bay Street
San Francisco, CA 94123
Note: Hart$: 1,000

)Mr. and Mrs. Bryan Sugahara (Diane and Bryan)
255 Uplands Drive
Hillsborough, CA 94010
Note: Hart$: 1,000

)Mr. Peter Tarnoff (Peter)
2026 GREEN ST
San Francisco, CA 94123
Note: prospect

4043604645

ESQ.

)Mr. Nikolai Tehin (Nikolai)
Bostwick & Tehin
1 Lomard Street
San Francisco, CA 94111
Note: Hart$: 1,000

)Mr. William Thurston (William)
137 Evergreen Way
Vallejo, CA 94591
Note: CA cabinet, CA Dem party vice-chair

)Mr. and Mrs. Felix Warburg (Felix and Susan)
2844 Broderick Street
San Francisco, CA 94123
Note: Hart$: 1,000

)Mr. Carl Washington (Carl)
660 Sacramento, #303
San Francisco, CA 94111
Note: DNC/NFC - California

)Mr. Gene Washington (Gene)
1177 California Street
San Francisco, CA 94108
Note: DNC/NFC - California

)Mr. Larry Weissberg (Larry)
Homestead Savings and Loan Association
1777 Murchison Drive
Burlingame, CA 94010
Note: prospect, DBC

)Mr. Donald Werby (Donald)
c/o Grosvenor Properties
160 Sansome Street
San Francisco, CA 94104
Note: DNC/NFC - California

)Mr. Steve Westly (Steve)
1940 Santa Cruz Avenue
Menlo Park, CA 94025
Note: CA cabinet, northern chair CA Dem party

)Mr. Greg Wilhelm (Greg)
Wells Fargo Bank
464 California Street
San Francisco, CA 94104
Note: public & gov't affairs - DBC prospect

)Ms. Sondra Williams (Sondra)
National Education Association
1 Waters Park Drive
San Mateo, CA 94403
Note: CA cabinet

4043606446

)Mr. Richard Wollack (Richard)
3464 Clay Street
San Francisco, CA 94118
Note: Hart$; => 500

)Mr. Ron Wolyn (Ron) Ronald Wolyn Associates
821 Market Street
Suite 624
San Francisco, CA 94103
Note: CA cabinet

4043604647

Larry

GARY HART
WASHINGTON, D.C.

Please copy and give 1 copy to Cathy + 1 to Tom + the original on my desk

February 24, 1986

Bill Dixon and Billy Shore have asked me to send you the attached list of names, addresses and phone numbers of those who attended this weekend's Winter Park meeting; the list also includes those who were invited but were unable to attend.

Bill, Billy and Mike Novelli join me in sending thanks for having taken the time to attend. All of us here look forward to working with you over the coming months.

Best regards,

Doug

Doug Wilson

4043604648

ATTENDEES:

Bill Shore
Senator Gary Hart
U.S. Senate
Washington, DC 20510
[redacted]

Bill Dixon
Senator Gary Hart
U.S. Senate
Washington, DC 20510
[redacted]

Mike Novelli
Senator Gary Hart
U.S. Senate
Washington, DC 20510
[redacted]

Mark Hogan
555 East 8th Avenue
Denver, CO 80203
[redacted]

Norm Brownstein
410 17th Street
Denver, CO 80201
[redacted]

David Stein
29982 Ivy Glenn
Laguna Niguel, CA 92677
[redacted]

Jeanne Shaheen
Perkins Rd., RFD 2
Durham, NH 03824

Joe Crowley
346 St. Ronan Street
New Haven, CT 06510
[redacted]

Stuart Karl
17942 Cowan
Irvine, CA 92714
[redacted]

Jack Quinn
Arnold and Porter
1200 New Hampshire Ave., N.W.
Washington, DC 20036
[redacted]

Eli Segal
105 Plain Road
Wayland, MA 01788
[redacted]

Albert and Marilyn Gersten
611 North Canon Drive
Beverly Hills, CA 90210
[redacted]

Steve and Kitty Keck Moses
12850 Marlborough Street
Los Angeles, CA 90049
[redacted]

Micky Miller
410 17th STreet, #1600
Denver, CO 80202
[redacted]

Mike Stratton
2612 Ash
Denver, CO 80207
[redacted]

Bill Broadhurst
1730 Pennsylvania Ave.
Suite 300
Washington, DC 20006
[redacted]

John Emerson
11355 W. Olympic Blvd.
Los Angeles, CA 90063
(213) 312-4000

Rick Brown
1300 19th Street, N.W.
Suite 300
WAshington, DC 20036
[redacted]

Jon Mills
P.O. Box 15267
Gainesville, FL 32601
[redacted]

Ron Dozoretz
301 Port Lane
Portsmouth, VA 23704
[redacted]

4043604649

INVITED BUT DID NOT ATTEND

Joel Bradshaw
1133 15th Street, N.W.
Suite 514
Washington, DC 20005
[redacted]

Joel Hyatt
4410 Main Street
Kansas City, Missouri 6411
[redacted]

Jim Barrett
6051 N. Brookline #131
Oklahoma City, OK 73112
[redacted]

Susan Williams
1000 Connecticut Ave., N.W.
#304
Washington, DC 20036
[redacted]

Charles Manatt
1200 New Hampshire Ave., N.W.
#200
Washington, DC 20036
[redacted]

Jim Calaway
1220 Amer. Bldg.
811 Dallas Street
Houston, TX 77001
[redacted]

Carl Wagner
3745 Brandywine Street, N.W.
Washington, DC 20006
[redacted]

Mike Moore
Arthur Young & Co.
707 17th Street, Suite 3800
Denver, CO 80202
[redacted]

Buie Seawell
2271 Clermont
Denver, CO 80207
[redacted]

Richard Beattie
1 Battery Place
New York, NY 10004
[redacted]

4043604650.

Present at Winter Park

Jack Quinn	Arnold & Porter 1200 New Hampshire Ave.,N.W. Washington, D.C. 20036
Bill Shore	Sen. Hart's Office 237 RSOB Washington, D.C. 20510
Stuart Karl	17942 Cowan Str. Irvine, CA 92714
Eli Segal	105 Plain Road Wayland, Mass. 01778
John Emerson	11355 W. Olympic Los Angeles, CA 90064
Rick Brown	9615 Falls Rd Potomac, MD. 20854
Jon Mills	P.O. Box 15267 Gainesville, FL. 32604
Albert & Marilynn GERSTEN	611 North Canon Drive Beverly Hills, CA 90210 9701 Wilshire Blvd. # 1000 Beverly Hills, CA 90212
Stephen & Kitty Keck MOSES	12850 Marlboro Str. Los Angeles, CA 90049 11812 San Vincente Blvd. Los Angeles, CA 90049
Billy Broadhurst	666 Jefferson Str. Lafayette, L.A. 70502 (or) 327 "A" Str., N.E. Washington, D.C. 20002
Mark Hogan	P.O. Box 10697 Denver, Colorado 80210
Joseph Crowley	346 S. Ronan Str. New Haven, Ct. 06511
Ron Dozoretz	810 World Trade CRT Norfolk, VA 23510

4043604651

4TH RETREAT

Present at Winter Park

Jack Quinn	Arnold & Porter 1200 New Hampshire Ave.,N.W. Washington, D.C. 20036
X Bill Shore	Sen. Hart's Office 237 RSOB Washington, D.C. 20510
Stuart Karl	17942 Cowan Str. Irvine, CA 92714
Eli Segal	105 Plain Road Wayland, Mass. 01778
John Emerson	11355 W. Olympic Los Angeles, CA 90064
Rick Brown	9615 Falls Rd Potomac, MD. 20854
Jon Mills	P.O. Box 15267 Gainesville, FL. 32604
Albert & Marilynn GERSTEN	611 North Canon Drive Beverly Hills, CA 90210 9701 Wilshire Blvd. # 1000 Beverly Hills, CA 90212
Stephen & Kitty Keck MOSES	12850 Marlboro Str. Los Angeles, CA 90049 11812 San Vincente Blvd. Los Angeles, CA 90049
Billy Broadhurst	666 Jefferson Str. Lafayette, L.A. 70502 (or) 327 "A" Str., N.E. Washington, D.C. 20002
Mark Hogan	P.O. Box 10697 Denver, Colorado 80210
Joseph Crowley	346 S. Ronan Str. New Haven, Ct. 06511
Ron Dozoretz	810 World Trade CRT Norfolk, VA 23510

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See Computer printout.

HART DINNER ACCEPTANCES

GUEST	#	PAID	DUE	COMP
ALEGAM, Beny and Adele	2		4,000	
ALLRED, Gloria	1			Credit
ANDLER, Max Dr.	2		1,000	
ANDLER, Max III	2		1,000	
BALZAR, John	2			LA TIMES
BERGMAN, Alan	2	1,000		
BLOCH, Jonathan	2		1,000	
BREAKSTONE, Linda	2			LA HERALD
Carroll, John	2			Gerstel
CHAMBERLAIN, Paul	2		1,000	
COLLIER, Marty	2	1,000		
COLLIS, Convay	2			ELECTED OI
Crespi, Mary	2		1,000	
DAVIS, Gray	2		1,000	
DEUTSCH, Lester	2		1,000	
ELDON, David	2	1,000		
FELDSTEIN, William	2		1,000	
FICKETT, Edward	2		1,000	
FITZGERALD, William Dr.	2		1,000	
FRANK, Ann	1		~~500~~ 2,000	
FRANK, Jim	1		~~500~~ 2,000	
FRANK, Joanne and REYNOLDS, Patrick	2		~~1,000~~ 11	
FRANK, Nicole and FRANK, Jim Jr.	2		1,000	
FRANK, Ralph	2		4 1,000	
FRANK, Ralph Jr.	1		2000 ~~500~~	
FRANK, Charles	2		1,000	
FRISAURA, Frank	2		1,000	
GAGE, Michael	2		1,000 ~~1,000~~	
Gallo, Bill	2		1,000	
GALANTE, Christine				
GELLER, Stuart	2	1,000		
GERSTEN, Albert	2		1,000	
GERSTEN, Bernice Ann	1		1,000 ~~500~~	
GOLDSMITH, Russell	2		2,000	
Gould, Stan	2		1,000	
GROVEMAN, Barry	2			REINER OFI
GOLD, Stanley	2		1,000	
GUILLAUME, Robert	2	1,000		

4043604653

	#	PAID	DUE	COMP
HAHN, James	2			
Harper, Curt	2			ELECTE
HELLER, Rabbi/Mrs.	2			Gerst
				COMP
HERST, Perry S. Jr.	2		1,000	
KASPER, Henry	1	500		
KASSAN, Michael	2		1,000	
KASSAN, Toby	1		500	
Kassan, Leon	1		500/1,000	
KONHEIN, Lyn	2		2,000	
KRAINES, Steven	2	1,000		
LARSON, Elise				STAFF
LEVINE, Arthur and Lauren	2		1,000	
MACK, Jerome	2		2,000	
Meredith, Mike and Duff, Pat	2			
MIGLIAVACCA, Jim	2		1,000	
MOSES, Steve	2			
NIXON, Norm	2			CELEBRITY
McCARTHY Leo	2			ELECTED C
OSTER, Jerry	2		1,000	
PICARD, John	2		1,000	
[illegible], Harold	2		1,000	
ROSEN, Douglas	2		1,000	
SAFRAN, Tom	1+		500	
[illegible], Joe	2			
SCHMIDT, ROY	2		1,000	Fiersten
SCHNEIDER, Bernie	2			
[illegible]				HART
SILBERT, Harvey	2	1,000	500/1,000	
SIMMS, Leslie	2			STAFF
SNIGEL, Lance	2		1,000	
* SEIGEL, Mark	2		1,000	
STALFORD, Joanne	1		1,000	
STALFORD, Stanley Jr.	2		1,000	
STANSBURY, Ben	2			ELECTED OF
SPIVACK, Bob			1,000	
Travers, Jim	2		500	
ULLMAN, Jeffrey	2	1,000		Cocktail Only
WEISMAN, Donald Dr	2		4,000	
WEISMAN, Frederick	2	1,000		
WESTHEAD, Paul	2			~~GERSTEN~~
WINTHROP, Jon	2		1,000	
YOUNER, Bruce	2		1,000	
YAROSLAVSKY, Zev	2			ELECTED O
ZARNES, Scott	2		4,000	
ZIFFREN, Lester	2	1,000		

4 0 4 3 6 0 4 6 5 4

GARY HART DINNER

GUEST	#	PAID	DUE	COMP
ALLRED, Gloria	1			Credit
ANDLER, Max	2		1000	
BALZAR, John	1			LA Times
BERGMAN, Alan	2	1000		
BREAKSTONE, Linda	2			Herald
CHAMBERLAIN, Paul	2		1000	
COLLIER, Marty	2	1000		
COLLIS, Conway	2			Elected Official
DEUTSCH, Lester	2		1000	
ELDEN, David	2	1000		
FICKETT, Edward	2		1000	
FRANK, Ann	1		500	
FRANK, Jim	1		500	
FRANK, M/M Ralph	2		1000	
FRANK, Ralph (Jr.)	1		500	

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GUEST	#	PAID	DUE	COMP
GAGE, Michael	2		1000	
GALANTE, Christina	1		500	
GELLER STUART	2	1000		
GERSTEN, Albert	2			Crédit
GERSTEN, Bernice	1		500	
GOLDSMITH, Russell	2		2000	
GROVEMAN, Barry	2			Reiners staff
GUILLAUME, Robert	2	1000		
HAHN, James	2			Elected Official
HELLER, Rabbi/Mrs	2			Comp
HERST, Perry S. Jr.	2		1000	
KASPER, Henry	1	500		
KOHNEIN, Lyn	2		1000	
KRAINES, Steve	2	1000		
LARSON, Elyce	2			Staff
LEVINE, Arthur	2		1000	
MACK, Jerry	2			Family
MIGLIAVACCA, Jim	2		1000	
MOSES, Steve	2			Hart

4043604656

GUEST	#	PAID	DUE	COMP
McCARTHY, LEO	2			Elected Offic
NIXON, Norm/Debbie Allen	2			Gersten
PICARD, John	2		1000	
ROSEN, Doug	2		1000	
SAFRAN, Tom	2		1000	
SCHNEIDER, Bernie	2			Hart
SILBERT, Harvey	2	1000		
SIMMS, Leslie	2			Staff
SNIGEL, Lance	2		1000	
STALFORD, Joanne	1		500	
STALFORD, Stanley	2		1000	
STANSBURY, Ben	2			BH Councilman
ULLMAN, Jeffrey	2	1000		
WEISMAN, Don	2		1000	
WESTHEAD, Paul	2			Gersten

4043604657

GUEST	#	PAID	DUE	COMP
YAROSLAVSKY, Zev	2			Elected Offi
YOUNER, Bruce	2		1000	
ZARNES, Scott	2		1000	
ZIFFREN, Lester	2	1000		

Donations 5600 - 9500 - 23000 -

40436046568

4043604659

HART DINNER ACCEPTANCES

	ANDLER, Max	2	(Sr. presumably)
	ALLRED, Gloria	1	Credit
-	BALZAR, John	1	Comp - LA Times
	BERGMAN, Alan	2	Paid
	BREAKSTONE, Linda	2	Comp - Herald
	CHAMBERLAIN, Paul	2	
	COLLIER, Marty	2	Paid
-	COLLIS, Conway	2	Comp - Elected Official
	DUETSCH, Lester	2	
	ELDEN, David	2	Paid
	~~EMERSON, John~~	~~2~~	
	FICKETT, Edward	2	
	FRANK, Ann	1	
	FRANK, Jim	1	
	FRANK, Ralph M/M	2	
	FRANK, Ralph	2	
-	GAGE, Michael	2	
	GALANTE, Christina		
-	GELLER, Stuart	2	paid
	GERSTEN, Albert		
	GERSTEN, Bernice		
	GROVEMAN, Barry	2	Comp - Reiners Office
-	GUILLAUME, Robert	2	paid
	HAHN, James		Comp - elected official
	HELLER, Rabbi/Mrs	2	Comp
	KASPER, Henry	1	Paid
	KOHNEIM, Lyn	2	
	KRAINES, Steven	2	paid
-	LARSON, Elise	2	Comp - Staff
	MIGLIAVACCA, Jim	2	
-	NIXON, Norm	2	Comp - Celebrity

	PICARD, John	2	
	ROSEN, Douglas	2	paid
	SAFRAN, Tom	1+	
	SCHMIDT, Coy	?	$1,000
	SCHNEIDER, Bernie	2	Comp - Hart
	SILBERT, Harvey	2	paid
	SIKMS, Leslie	2	Comp - Staff
	SMICZ, [illegible]		
	STANSBURY, Ben	2	Comp - elected official
	STALFORD, Joanne	1	
	STALFORD, Stanley	2	
	[illegible], David		
	ULLMAN, Jeffrey	2	paid
	[illegible], Howard	2	paid
	WEISMAN, Frederick	2	paid
	WINTROP, Jon	2	
	~~WESTHEAD, Paul~~	~~2~~	~~Comp - LMU~~
	YOUNER, Bruce	2	
	YAROSLAVSKY, Zev	2	Comp - elected official
	ZANES, Scott	2	
	ZIFFREN, Lester	2	paid

122

4 50 [illegible]

TIED [illegible] + [illegible] (Glickman)

- Mondale, Mike + Pat Dunn 2 124

CALL AND GIVE DETAILS TO MR. SCHMIDT $1,000

Kirkham (Cers — ATTENDING

- Perkins, Jack 126

Robinson, Max [illegible] 128

- Shirley Sears

ADD
m/r Joe Scheidler
130

CALL.

RE:
OTHER NAMES

DON WEISMAN 271-1162.
MICHAEL MANN 556-1200
[illegible] CLOCK 551-3747
CLUE / DINER
PAT DUFF OR MIKE MEDAVOY
DO WE NEED A PIANO?

CALL LMU
RE: PRIESTS

ARTHUR BARENS
FOR #

TO KASSORLA
CASTING TEAM

[illegible] ANDELSON
LLIP SAVITCH - 654-6607
IE GREENBERG - 312-4131
ENCER STILLMAN - 456-3301

OLD
LDEN } MORE COUPLES

ILLIAM [illegible]

CELEBRITY LIST
- IN ALLEN + GUEST

?
CHUCK'S PARKING
UMBRELLAS (THREE)
SIZE OF STAND?
POWER NEEDS?
CONTROL WATER HOSE

4043604661

THE GERSTEN COMPANIES
6701 WILSHIRE BLVD., STE. 1201
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

6044

JUNE 17 1986

PAY TWENTY FIVE HUNDRED DOLLARS AND NO/100********** DOLLARS $2,500.00

TO THE ORDER OF
STRATTON & ASSOCIATES
1732 EAST 17th AVE
DENVER, COLORADO 80218

THE GERSTEN COMPANIES CENTRAL DISTRIBUTION ACCOUNT

NOT NEGOTIABLE

40436602

THE GERSTEN COMPANIES NO 6044

DELUXE FORM 9VC-8 CPL 8-10006

LOC CODE	VENDOR NO.	INVOICE NO	DESCRIPTION	ACCOUNT	DEPARTMENT	GROSS AMT
6375		6/13/86	GAGE -HART STATE	COORDINATORS	RETREAT	$2,500.00

FOR gcc

HECK TO BE PAID TO: Stratton & Associates

DDRESS: 1732 East 17th Ave., Denver, Colorado 80218

MOUNT OF CHECK $ 2,500.00

OR: Mike Gage - Hart State Coordinator's Retreat

DATE TO BE PAID: ASAP

NVOICE NO: _____

REQUESTED BY: R Rosenthal

CCOUNT NO: _____ $ _____

APPROVED BY: [signature]

DATE: 6/13/86

AIL _____ OR RETURN R Rosenthal

POSTING STAMP

HECK RECEIVED BY _____

ATE RECEIVED _____

40436043

3591

ALBERT H. GERSTEN, JR.
9701 WILSHIRE BLVD., STE. 1000
BEVERLY HILLS, CA 90212

January 14 19 88

10-77/200
1220

PAY TO THE ORDER OF Michael Stratton $ 3750.00

Three-thousand, seven-hundred fifty and 00/100 DOLLARS

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

FOR GIFT

⑈ 3591 ⑈ ⑆122000047⑆ 4360046664

Pay To The Order
of HADDON, MORGAN
FOREMAN, P.C. for
Legal Fund
By: Michael J. Stratton

P.E.G. 23-7
HADDON, MORGAN & FOREMAN, P.C.
TRUST ACCT. NONSUCH 85

UNITED BANK OF DENVER

JA '88 20
PAY
SPHB LOS ANGELES
1220-0004-3

16-4

JA '88
PROCESS

⑆122000047⑆ 0114 3386

UNION BANK

3591

Jan. 14 19 88

TO Michael Stratton

FOR

DEPOSITS

TOTAL

THIS CHECK 3750 -

BALANCE

4043604665

STRATTON & ASSOCIATES
1732 EAST 17TH AVENUE
DENVER, COLORADO 80218
(303) 329-3526

January 18, 1988

VIA FEDERAL EXPRESS

Mr. Albert H. Gersten, Jr.
9701 Wilshire Boulevard
Suite 1001
Beverly Hills, CA 90212

Dear Al:

I am in receipt of your check for $3,750.00. I can't tell you how much I appreciate your help and commitment in this very trying time. It means so very much to me and my family to have your support. The confidence that you have gives me the courage to fight this issue and to have positive thoughts on the outcome. I will be in touch with you in the near future.

With best regards, I am

Sincerely yours,

Michael J. Stratton

Michael J. Stratton

MJS/mks

Not included for reimbursement

4043604666

THE ASTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1070

11 November 19 86

PAY One Thousand Only---------- DOLLARS $ 1,000.00

TO THE ORDER OF
Beverly Wilshire Hotel
9500 Wilshire Boulevard
Beverly Hills, CA 90210

NOT NEGOTIABLE

THE ASTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
11-11-86	Deposit for Gary Hart Dinner January 29, 1987 Grand Ballroom	$1,000.00

4 0 4 3 6 0 4 6 7

FOR Special Projects

CK TO BE PAID TO: Beverly Wilshire Hotel

RESS: 9500 Wilshire Boulevard, Beverly Hills, CA 90212

INT OF CHECK $ 1,000.00

: Deposit for Gary Hart dinner reception January 29, 1987--Grand Ballroom

DATE TO BE PAID: 11-11-86

OICE NO: _____

OUNT NO: _____ $ _____

_____ _____

_____ OR RETURN _____

REQUESTED BY: Diane Drummond

APPROVED BY: Lacy Gage

DATE: 11-11-86

POSTING STAMP

CK RECEIVED BY _____

E RECEIVED _____

8 6 4 0 3 6 4 0

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1101
BEVERLY HILLS, CA 90211

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

10

11 November 19 86

PAY One Thousand Only---------- DOLLARS $ 1,000.0

TO THE ORDER OF
Beverly Wilshire Hotel
9500 Wilshire Boulevard
Beverly Hills, CA 90210

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC 3 V-2

DATE	DESCRIPTION	AMOUNT
11-11-86	Deposit for Gary Hart Dinner January 29, 1987 Grand Ballroom	$1,000.00

4043800469

Original backup
to
Friends of Gary Hart
1987

Beverly Wilshire Hotel

9500 Wilshire Boulevard, Beverly Hills, California 90212 (213) 275-4282

November 11, 1986

Ms. Diane Drummond
THE GERSTEN COMPANIES
9701 Wilshire Blvd. Suite 1204
Beverly Hills, CA 90212

Dear Ms. Drummond:

This is to confirm that we are now holding the following reservation on a definite basis:

IHO: GARY HART
THURSDAY, JANUARY 29, 1987
RECEPTION/DINNER: 6:00 PM
ABOUT 500/600 GUESTS
THE BALLROOM

To confirm this information, we would appreciate your signing and returning the indicated copy of this letter to us along with your check deposit in the amount of $1,000.00 by Monday, December 1, 1986, or your reservation will automatically be cancelled. Please note that when your deposit is received, should you decide to cancel or postpone this function, your deposit is not refundable unless we are able to rebook the room to another party on the above date. Also note the 100% of the estimated total is to be paid ten days prior to the function in the form of a personal check. A cashier's check can be accepted five days prior to the function.

We are honored that you are contemplating having your function at the Beverly Wilshire Hotel and look forward to hearing from you soon.

Cordially,

Vivian Rugoff
Catering Manager

VR:ls
Enclosure

4043604670

Beverly Wilshire Hotel

9500 Wilshire Boulevard, Beverly Hills, California 90212 (213) 275-4282

November 11, 1986

Ms. Diane Drummond
THE GERSTEN COMPANIES
9701 Wilshire Blvd. Suite 1204
Beverly Hills, CA 90212

Dear Ms. Drummond:

This is to confirm that we are now holding the following reservation on a definite basis:

THO: GARY HART
THURSDAY, JANUARY 29, 1987
RECEPTION/DINNER: 6:00 PM
ABOUT 500/600 GUESTS
THE BALLROOM

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We are honored that you are contemplating having your function at the Beverly Wilshire Hotel and look forward to hearing from you soon.

Cordially,

Vivian Rugoff
Catering Manager

VR:ls
Enclosure

PLEASE SIGN AND RETURN

Diane Drummond, The Gersten Companies, Special Projects 11-13-86

Telex: 685-220 TWX: 910-490-2536 Cable: Beverlux Toll Free: 800-421-1351 or 800-252-1811

4043604671

Beverly Wilshire Hotel
9500 Wilshire Boulevard, Beverly Hills, California 90212 (213) 275-4282

January 13, 1987

Mrs. Lacy Gage
THE GERSTEN COMPANIES
9701 Wilshire Blvd. Suite 1001
Beverly Hills, CA 90212

Dear Lacy:

Enclosed you will find the contract containing the menu and arrangements for your RECEPTION/DINNER which is scheduled to take place Thursday, January 29, 1987.

As soon as possible, we would appreciate your signing and returning the indicated copy with any revisions or notations you might wish to make.

We look forward to having you with us.

Cordially,

Vivian Rugoff
Catering Manager

VR/gt
#0
1/13/87

4043604672

BEVERLY WILSHIRE HOTEL

MENU

THO: GARY HART
RECEPTION/DINNER (May Have Dancing)
APPROXIMATELY 550/600 GUESTS
IN CHARGE: Lacy Gage

THURSDAY, JANUARY 29, 1987
RECEPTION 6:30 PM
DINNER 7:30 PM - BALLROOM
PRESS CONFERENCE 5:30 PM
BORDEAUX ROOM 125/35 GUESTS

* * * * * * * *

NO HORS D'OEUVRES
Have dried complimentary Tidbits in
Wintergarden & in Bordeaux Room

* * *

SALAD SANS SOUCI
Romaine with Hearts of Palm, Tomato, Watercress & Sliced Mushrooms
Gourmet Dressing

DOUBLE BREAST OF CHICKEN
Green Pepper Corn Sauce
Rice Pilaf with Pine Nuts
Medley of Vegetables

ROLLS & BUTTER

* * *

CAPPUCCINO & VANILLA ICE CREAM BOMBE
With Blackcherry Rum Sauce

COFFEE, DECAFFEINATED COFFEE, TEA, MILK

* * * * * * * *

$26.00 Per Person

BEVERAGES: Cash bar - $3.00 per drink for quality brands and $3.50 per drink for premium brands. Wine will be sponsored - 2 bottles of Clos du Bois Chardonnay per table at $12.00 per bottle. Additional wine on cash basis.
Bordeaux Room - set up sponsored bar - $2.75 for quality brands only 5:30 - 6:30 PM

BARTENDER CHARGE: There is an $80.00 bartender charge if the beverage revenue does not reach $300.00 per bartender.

SALES TAX: The 6½% sales tax to be added to the account.

4043604673

Beverly Wilshire Hotel

9500 Wilshire Boulevard, Beverly Hills, California 90212 (213) 275-4282

CONTRACTS

Please notify this office five working days prior to the function of the approximate number of guests. The final guarantee must be given two working days prior to the function. We will prepare and set up for 3% above the guarantee given. You will be charged for the guarantee even if fewer guests attend.

The Hotel does not assume any responsibility or liability for the damage or loss of any merchandise left in the Hotel prior to, during or following the function.

All menu contracts must be signed and returned 10 working days prior to the function.

100% of the estimated total is to be paid ten working days prior to the function in the form of a personal check. A cashier's check can be accepted five working days prior to the function. Please note that should the Hotel not receive the 100% of the estimated total within the allocated time, the Hotel in its sole discretion, may cancel all arrangements in connection with the function.

1/87
#2

4043604674

Telex: 698-220 TWX: 910-490-2530 Cable: Beverlux Toll Free: 800-421-4354 or 800-282-480

FROM Special Projects

CHECK TO BE PAID TO: USPS.

ADDRESS: BH Station

AMOUNT OF CHECK $ 19.50

FOR: 50 x .39¢ stamps for remaining ACS mailing: Dec. 8, 1986

DATE TO BE PAID: 11-13-86

INVOICE NO: _____

ACCOUNT NO: _____ $ _____

REQUESTED BY: diane drummond

APPROVED BY: _____

DATE: 11-13-86

MAIL

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1071

13 November 19 86

PAY Nineteen and 50/100---------- DOLLARS $ 19.50

TO THE ORDER OF USPS

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM SVC-3 V-2

DATE	DESCRIPTION	AMOUNT
11-13-86	50 x .39¢ stamps for remaining ACS mailing: Dec. 8, 86	19.50

THE GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DELUXE FORM SVC-3 V-2

DATE	DESCRIPTION	AMOUNT
-13-86	50 x .39¢ stamps for remaining ACS mailing: Dec. 8, 86	19.50

BEVERLY HILLS, CA NOV 13 1986 USPS

4004360467 5

FROM: Special Projects

CHECK TO BE PAID TO: American Cancer Society

ADDRESS: 5761 Buckingham Parkway, Culver City, CA 90230.

AMOUNT OF CHECK $ 2,000.00

FOR: 2 white pgs. ads for the American Cancer Society Adbook: Dinner: Dec. 8, 1986

DATE TO BE PAID: 11- -86

INVOICE NO: _____

REQUESTED BY: diane drummond

ACCOUNT NO: _____ $ _____

APPROVED BY: _____

DATE: 11- -86

_____ / _____ OR RETURN _____

POSTING STAMP

CHECK RECEIVED BY _____

DATE RECEIVED _____

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1234
BEVERLY HILLS, CA 90212

UNION BANK
Beverly Hills - Wilshire Boulevard Office
9460 Wilshire Blvd., Beverly Hills, CA 90212

1072

14 November 19 86

PAY Two Thousand Only ---------- DOLLARS $ 2,000.00

TO THE ORDER OF
American Cancer Society
5761 Buckingham Parkway
Culver City, CA 90230

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC4 V4

DATE	DESCRIPTION	AMOUNT
11-14-86	2 ads (The Gersten Companies) in American Cancer (Mortgage Capital) Society Adbook for dinner, December 8, 1986. White Page	$2,000.00

40436046766

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9777 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1073

5 December 19 86

PAY NINETY THREE AND 50/100---------- DOLLARS $ 93.50

TO THE ORDER OF
Michele Carter
2312 Slauson Avenue, #2
Los Angeles, CA 90062

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM DVC-3 V-2

DATE	DESCRIPTION	AMOUNT
12-5-86	17 hours temp assistance for Save the Dates Gary Hart: January 29, 1987 (5.50 per hour)	$93.50

⑆043606046⑆ 7

FOR SPECIAL PROJECTS

K TO BE PAID TO: MICHELE CARTER

ESS:

NT OF CHECK $ 93.50

TEMP ASSISTANCE ADDRESSING SAVE THE DATES: GARY HART DINNER JANUARY 29, 1987

DATE TO BE PAID: 12-5-86

ICE NO:

UNT NO: $

REQUESTED BY: DIANE DRUMMOND

APPROVED BY: LACY GAGE

DATE: 12-5-86

OR RETURN

POSTING STAMP

K RECEIVED BY

RECEIVED

4043607

Original backup to Friends of Gary Hart 2-6-87

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1001
BEVERLY HILLS, CA 90212

UNION BANK

1074

9 December 19 86

PAY Four Hundred Forty Only---------- DOLLARS $ 440.00

TO THE ORDER OF USPS

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
12-9-86	4 rolls .22¢ stamps for Gary Hart Save the Date: Janury 29, 1987	$440.00

⑆042360461⑈9

FOR SPECIAL PROJECTS

HECK TO BE PAID TO: USPS -

DDRESS: BEVERLY HILLS STATION

MOUNT OF CHECK $ 440.00

OR: 4 rolls .22¢ stamps for Gary Hart Save the Dates January 29, 1987 mailing

DATE TO BE PAID: 12-9-86

REQUESTED BY: DIANE DRUMMOND

APPROVED BY: LACY GAGE

DATE: 12-9-86

INVOICE NO: _____

ACCOUNT NO: _____ $ _____

_____ _____

_____ OR RETURN _____

CHECK RECEIVED BY _____

DATE RECEIVED _____

POSTING STAMP

original backup to Friends of Gary Hart

2-6-87

ERS COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
-86	4 rolls .22¢ stamps for Gary Hart Save the Date: Janury 29, 1987	$440.00

BEVERLY HILLS, CA DEC 8 1986 USPS

4043600468 1

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1075

29 January 86

PAY USPSHundred Sixty and 0/100---------- DOLLARS $ 660.00

TO THE ORDER OF USPS

1910

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT

⑆004360468'2

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1104
BEVERLY HILLS, CA 90212

UNION BANK

1076

29 December 19 86

PAY Six Hundred Sixty and 0/100---------- DOLLARS $ 660.00

TO THE ORDER OF USPS

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
29 Dec86	Postage for Friends of Gary Hart 1988	660.00

4 0 4 3 6 0 4 6 8 3

FOR Special Projects

HECK TO BE PAID TO: USPS -

DDRESS: BH Branch

MOUNT OF CHECK $ 660.00

OR: Postage for Friends of Gary Hart 1988 - 1-29-87 dinner

DATE TO BE PAID: 12-29-86

NVOICE NO: _____

REQUESTED BY: Diane Drummond

CCOUNT NO: _____ $ _____

APPROVED BY: Lacy Gage

_____ _____

DATE: 12-29-86

_____ OR RETURN _____

POSTING STAMP

ECK RECEIVED BY _____

TE RECEIVED _____

0 4 0 4 6 8 3

Original backup to Friends of Gary Hart 2-6-87

HE GERSTEN COMPANIES

DETACH AND RETAIN T[illegible] STATEMENT
THE ATTACHED CHECK IS IN PAYMENT [illegible] ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
2[illegible] Dec86	Postage for Friends of Gary Hart 1988	660.00

BEVERLY HILLS, CA
DEC 30 1986
USPS

⑆042360468⑈

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK
[illegible]

1077

10 November 19 86

PAY FOURTEEN AND 64/100---------- DOLLARS $ 14.64

TO THE ORDER OF
BEVERLY STATIONERS
422 NORTH BEVERLY DRIVE
BEVERLY HILLS, CA 90210

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
11-10-86	25 PADDED ENVELOPES TO MAIL AMERICAN CAN WIN	$14.64

⑆043609468⑈ 1077

The Complete Stationer

276-4161 272-2614

BEVERLY STATIONERS
422 NORTH BEVERLY DRIVE
BEVERLY HILLS, CALIFORNIA 90210

Date 11/10 1986

Name Gurston

Address

25	4A Stiff Bars.	13.	25
			89
		14	64

C.O.D.

4004360046887

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: BEVERLY STATIONERS

ADDRESS: 422 NORTH BEVERLY DRIVE , BH, CA 90210

AMOUNT OF CHECK $ 14.64

FOR: 25 PADDED ENVELOPES TO MAIL "AMERICA CAN WIN"

DATE TO BE PAID: 11-10-86

INVOICE NO: _____

REQUESTED BY: DIANE DRUMMOND

ACCOUNT NO: _____ $ _____

APPROVED BY: LACY GAGE

_____ _____

DATE: 11-10-86

ATT _____ OR RETURN _____

POSTING STAMP

CHECK RECEIVED BY _____

DATE RECEIVED _____

0043604

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1078

11 November 19 86

PAY Four Thousand Five Hundred Three and 76/100---------- DOLLARS $ 4,503.76

TO THE ORDER OF
Carr & Associates
850 W. Washington Blvd.
Los Angeles, CA 90015-3560

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-8 V-2

DATE	DESCRIPTION	AMOUNT
11-11-86	Carr & Assoc. Inv. # CP-1629 Purchasing Services	4,503.76

⑆043600463⑈

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: CARR & ASSOCIATES

ADDRESS: 850 W. WASHINGTON BLVD., LA CA 90015-3560

AMOUNT OF CHECK $ 4,503.76

FOR: INVOICE CP-1629 PURCHASING SERVICES

DATE TO BE PAID: 11-10-86

INVOICE NO:

REQUESTED BY: DIANE DRUMMOND

ACCOUNT NO: $

APPROVED BY: LACY GAGE

DATE: 11-10-86

OR RETURN

POSTING STAMP

CHECK RECEIVED BY

DATE RECEIVED

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1078

11 November 19 86

PAY Four Thousand Five Hundred Three and 76/100---------- DOLLARS $ 4,503.76

TO THE ORDER OF
Carr & Associates
850 W. Washington Blvd.
Los Angeles, CA 90015-3560

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM BVC-3 V-2

DATE	DESCRIPTION	AMOUNT

Carr & Associates
Environmental Planning & Design

INVOICE

Date: November 5, 1986

To: The Gersten Companies
9701 Wilshire Blvd. Suite 1204
Beverly Hills, CA 90212
Attn: Lacy Gage

Invoice Number: CP-1629

Project Number: 86/121-13

Regarding: The Gersten Companies - Special Projects Division

Description: Purchasing Services

Final billing on Purchase Confirmation D-271

Subtotal	$7,449.00
Sales Tax	$ 484.18
TOTAL INVOICE	$7,993.18
Less Deposit Ck #7482	-3,966.00
TOTAL DUE	$4,027.18

Final billing on Purchase Confirmation D-262

Subtotal	$ 895.00
Sales Tax	$ 58.17
TOTAL INVOICE	$ 953.17
Less Deposit Ck #7298	- 476.59
TOTAL DUE	$ 476.58

Total Due $4,503.76

Terms: Net due on receipt - interest of 1 1/2% per month compounded on past due accounts.

4043606469 1

FOR: SPECIAL PROJECTS

CHECK TO BE PAID TO: CARR & ASSOCIATES

ADDRESS: 850 W. WASHINGTON BLVD., LA CA 90015-3560

AMOUNT OF CHECK $ 1,955.25

FOR: INVOICE C-2969

DATE TO BE PAID: 11-10-86

INVOICE NO:

REQUESTED BY: DIANE DRUMMOND

ACCOUNT NO: $

APPROVED BY: LACY GAGE

DATE: 11-10-86

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1104
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1079

11 November 19 86

12-11/1220

PAY One Thousand Nine Hundred Fifty Five and 25/100---------- DOLLARS $ 1,955.25

TO THE ORDER OF
Carr & Associates
850 W. Washington Blvd.
Los Angeles, CA 90015-3560

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
11-11-86	Carr & Assoc. Inv. # C-2969	1,955.25

650 West Washington Boulevard
Los Angeles, California 90015
Telephone: (213) 747-8888

Carr & Associates
Environmental Planning & Design

INVOICE

Date: November 4, 1986

To: The Gersten Companies
9701 Wilshire Blvd. Suite 1204
Beverly Hills, CA 90212
Attn: Lacy Gage

Invoice Number: C-2969

Project Number: 86/121-13.1

Regarding: The Gersten Companies - 10th Floor Alterations

Description: For Design Services rendered during the billing period ending October 31, 1986, including but not limited to the following:

Site dimensions and wall demo layout meeting with contractor in the field.

Design and preparation of construction drawings for Suite 1000, Mr. Gersten's private secretarial area, including demo, reflected ceiling, lighting, finishes and materials. Review with client and pricing.

Site review to approve revised wall layout.

Revise drawings for telephone/electrical changes and revise furniture layouts. Meeting at site with telephone installer. Prepare documentation regarding changes and Change Order.

Selection and pricing on computer furniture.

Client meeting regarding cost of all changes.

Prepare and submit all revised drawings to Beverly Hills Department of Building and Safety for revised permit.

Project coordination and project review.

Principal in Charge -	4.75 hours @ $65.00/hour	$308.75
Project Director -	16.5 hours @ $54.00/hour	$891.00
Designer -	10.0 hours @ $48.00/hour	$480.00
Production Staff -	7.25 hours @ $38.00/hour	$275.50
	TOTAL	$1,955.25

Total Due $1,955.25

Terms: Net due on receipt - interest of 1 1/2% per month compounded on past due accounts.

4043601469 3

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: CARR & ASSOCIATES

ADDRESS: 850 W. WASHINGTON BLVD., LA CA 90016-3560

AMOUNT OF CHECK $ 268.50

FOR: INVOICE C-2962 DESIGN SERVICE (PERIOD ENDING 10-15-86)

DATE TO BE PAID: 11-10-86

INVOICE NO:

REQUESTED BY: DIANE DRUMMOND

ACCOUNT NO: $

APPROVED BY: LACY GAGE

DATE: 11-10-86

⑆360469⑆

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1080

11 November 1986

PAY Two Hundred Sixty Eight and 50/100---------- DOLLARS $ 268.50

TO THE ORDER OF
Carr & Associates
850 W. Washington Blvd.
Los Angeles, CA 90015-3560

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM BVC-3 V-2

DATE	DESCRIPTION	AMOUNT
11-11-86	Carr & Associates Inv. # C2962 Design Service (Period Ending 10-15-86)	268.50

Carr & Associates
Environmental Planning & Design

INVOICE

Date

To

Invoice Number:

Project Number

Regarding

Description

4043604695

Total Due

Terms:

FOR SPECIAL PROJECTS

HECK TO BE PAID TO: CARR & ASSOCIATES

DDRESS: 850 W. WASHINGTON BLVD., LA CA 90015-3560

MOUNT OF CHECK $ 2,190.00

OR: INVOICE C-2963 DESIGN SERVICES (PERIOD ENDING 10-15-86)

DATE TO BE PAID: 11-10-86

NVOICE NO: _____

REQUESTED BY: DIANE DRUMMOND

CCOUNT NO: _____ $ _____

APPROVED BY: LACY GAGE

DATE: 11-10-86

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THE GERSTEN COMPANIES
SPECIAL PROJECTS
8761 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1081

11 November 19 86

PAY Two Thousand One Hundred Ninety and 00/100---------- DOLLARS $2,190.00

TO THE ORDER OF
Carr & Associates
850 W. Washington Blvd.
Los Angeles, CA 90015-3560

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
11-11-86	Carr & Associates Inv. # C2963 Design Services (Period Ending 10-15-86)	2,190.00

Carr & Associates
Environmental Planning & Design

INVOICE

Date

To

Invoice Number

Project Number

Regarding

Description

4043604697

Total Due

Terms

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: CARR & ASSOCIATES

ADDRESS: 850 W. WASHINGTON BLVD., LA CA 90015-3560

AMOUNT OF CHECK $ 54.06

FOR: INVOICE R-1593 BLUEPRINTS, ETC.

DATE TO BE PAID: 11-10-86

INVOICE NO: _____

REQUESTED BY: DIANE DRUMMOND

ACCOUNT NO: _____ $ _____

APPROVED BY: LACY GAGE

DATE: 11-10-86

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1114
BEVERLY HILLS, CA 90212

1082

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

11-77/1220

11 November 19 86

PAY Fifty Four and 06/100---------- DOLLARS $ 54.06

TO THE ORDER OF
Carr & Associates
850 W. Washington Blvd.
Los Angeles, CA 90015-3560

Br. D. Tom

NOT NEGOTIABLE

⑈1082⑈ ⑆122000778⑆ 4036046⑈

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
11-11-86	Carr & Associates Inv. # R-1593 Blueprints, etc.	54.06

Carr & Associates
Environmental Planning & Design

INVOICE

Date

To

Invoice Number

Project Number

Regarding

Description

4043604699

Total Due

Terms

5249

Ten and 00/100----------

October 8, 1986

10.00

FAST DELIVERY

NON-NEGOTIABLE

Gersten

10 00

⑆043607470⑆

Date 10/13/92 Chris C

Job Name Master

Job No.

Sold To

Non-Reimbursable

SERVICE REQUISITION

005

2 24x36 ✓ 2

4004360047001

10-14-86 Harry
Gorston
86121-13

SERVICE REQUISITION

006

40436047022

11 x 24x36 V

10-10-86 Chris

Heaton Co

121-13.1

✓

◇ Non-Reimbursable

SERVICE REQUISITION

003

4 24x36 ✓ 4

4043604703

Date 10-8 Engr Cheng C

Job Title Hewlett Co

Job Number 121-13.1

Reimbursable

Non-Reimbursable

SERVICE REQUISITION

004

4043604704

3 24x36 /

3

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: CARR & ASSOCIATES

ADDRESS: 850 W. WASHINGTON BLVD., LA CA 90015-3560

AMOUNT OF CHECK $ 118.54

FOR: INVOICE R-1601: BLUEPRINTS

DATE TO BE PAID: 11-10-86

INVOICE NO: _____

REQUESTED BY: DIANE DRUMMOND

ACCOUNT NO: _____ $ _____

APPROVED BY: LACY GAGE

DATE: 11-10-86

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90211

1083

UNION BANK

11 November 19 86

PAY One Hundred Eighteen and 54/100---------- DOLLARS $ 118.54

TO THE ORDER OF
Carr & Associates
850 W. Washington Blvd.
Los Angeles, CA 90015-3560

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM DVC-3 V-2

DATE	DESCRIPTION	AMOUNT
11-11-86	Carr & Assoc. Inv. # R-1601 Blueprints	118.54

Carr & Associates
Environmental Planning & Design

INVOICE

Date: November 3, 1986

To: Lacy Gage
The Gersten Companies
9701 Wilshire Blvd. #1204
Beverly Hills, Ca 90212

Invoice Number: R-1601

Project Number: 86/121-13

Regarding: The Gersten Companies

Description: Reimbursable Expenses

Blueprints, 47 @ $1.25 ea.	$58.75
Mileage, 76 @ $.33/mile	$25.08
Parking	$13.00
Postage	$ 3.29
Photocopies, 37@ $.08 ea.	$ 2.96
Subtotal	$103.08
Handling	$ 15.46
TOTAL	$118.54

4043609470 06

Total Due $118.54

Terms: Net due on receipt - interest of 1 1/2% per month compounded on past due accounts.

10-20-86
GERSTEN - Suite 1000
121-13.1

X

008

40436647707

4 24x36 X 4

10/20/06 Chem C
Gensler-Co - 10th Floor Revisi
121-13.1

L

007

40043606047008

B 24X36 8
3 11 3

11

BOYD
PARTNERS
850 WEST
WASHINGTON
BOULEVARD
LOS ANGELES
CALIFORNIA
90015-3560

◇ Reimbursable

◇ Non-Reimbursable

Date 10.78 Ordered By Cheryl

Job Title Leister

Job Number 121-13.1

Sold To

SERVICE REQUISITION

019

Office

Repro-Copies Quantity Total

8½" × 11"

8½" × 14"

11" × 17"

Postage Meter Quantity Amount Total

Handling and Delivery Service Charge Description Total

Mileage Amount Total

Studio

Repro-Prints Quantity Size Blue Black Sepia Presentation Black Total

20 24x36 ✓ 20

INT Quantity 4×5 5×7 8×10 Color Total 20

Velo-Binding Quantity Total

Totals

4004360470709

BOYD PARTNERS
850 WEST WASHINGTON BOULEVARD
LOS ANGELES CALIFORNIA
90015-3560

Reimbursable

Non-Reimbursable

Date 10/24 Ordered By Chevy C

Job Title Western Co.

Job Number 121-13.1

Sold To

SERVICE REQUISITION

OK

Office

Repro-Copies Quantity Total

8½" × 11"

8½" × 14"

11" × 17"

Postage Meter Quantity Amount Total

Handling and Delivery Service Charge Description Total

Mileage Amount Total

Studio

Repro-Prints Quantity Size Blue Black Sepia Presentation Black Total

2 24X36 ✓ 2

INT Quantity 4×5 5×7 8×10 Color Total

Velo-Binding Quantity Total

Totals

4043604710

BOYD
PARTNERS

850 WEST
WASHINGTON
BOULEVARD
LOS ANGELES
CALIFORNIA
90015-3560

◇ Reimbursable

◇ Non-Reimbursable

Date 10-22 Ordered By Cheng C

Job Title Glenstar Co - 10th floor

Job Number 121-13.1

Sold To

SERVICE REQUISITION

014

Office

Repro-Copies Quantity Total

8½" × 11"

8½" × 14"

11" × 17"

Postage Meter Quantity Amount Total

Handling and Delivery Service Charge Description Total

Mileage Amount Total

Studio

Repro-Prints Quantity Size Blue Black Sepia Presentation Black Total

8 24×36 ✓ 8

INT Quantity 4×5 5×7 8×10 Color Total

Velo-Binding Quantity Total

Totals

4043604711

BOYD PARTNERS
850 WEST WASHINGTON BOULEVARD
LOS ANGELES CALIFORNIA
90015-3560

Reimbursable

Non-Reimbursable

Date 10-24 Ordered By Cheng C

Job Title Update

Job Number 121-13, 1

Sold To Suite 1000 Altrusa

SERVICE REQUISITION

013

Office

Repro-Copies	Quantity		Total
	8½" × 11"		
	8½" × 14"		
	11" × 17"		

Postage Meter	Quantity	Amount	Total

Handling and Delivery	Service Charge	Description	Total

Mileage	Amount	Total

Studio

Repro-Prints	Quantity	Size	Blue	Black	Sepia	Presentation Black	Total
	2	24×36	✓				2

INT	Quantity	4×5	5×7	8×10	Color	Total

Velo-Binding	Quantity	Total

Totals

4 0 2 4 3 6 0 4 7 1 2

FOR _____

HECK TO BE PAID TO: Ambrosia

DDRESS: 13420 Zanja Street Venice 90291

MOUNT OF CHECK $ 100-

OR: Office Christmas Party

DATE TO BE PAID: ASAP

NVOICE NO: 5813

REQUESTED BY: _____

CCOUNT NO: _____ $ _____

APPROVED BY: Lilley

DATE: 24 Dec 86

1084

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

19-77/299
1220

5 January 1987

PAY One Hundred Only---------- DOLLARS $ 100.00

TO THE ORDER OF
Ambrosia Caterers
13420 Zanja Street
Venice, CA 90291

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-5-87	Office Christmas Party	$100.00

Ambrosia
CATERERS

13420 ZANJA STREET
VENICE, CALIFORNIA 90291
(213) 392-8547

CUSTOMER'S COPY

INVOICE

No 5813

TUESDAY DEC. 23RD / DELIVER BY

SOLD TO
Lacy Gage
GERSTEN COMPANY
9701 Wilshire Blvd.
Suite #1001
Beverly Hills, CA 90212

SHIPPED TO
3:00 PM TO:
GERSTEN COMPANY
9701 WILSHIRE BLVD.
SUITE # 1001 / BEVERLY HILLS
ATTN: LACY GAGE

INVOICE DATE	SHIPPING DATE	CUSTOMER ORDER NO	OUR ORDER NO	SALESMAN
12/17/86	12/23/86			Vicki

TERMS	SHIPPED VIA	SHIPPED
MAIL INVOICE		PREPAID ☐ COLLECT ☐

	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
4 0 4 3 6 0 4 7 1 4	1	small crudite w/ shrimp pate dip (& BACKUP)		$ 35.00
	1	guacamole torta w/ tortilla chips		40.00
		delivery		25.00
			TOTAL DUE	$ 100.00

GDT 7A 14N

PLEASE PAY FROM THIS INVOICE

FOR: _____

HECK TO BE PAID TO: Marc A. Schoenberg

DDRESS: 3595 South Sepulveda Blvd #9 LA 90034

MOUNT OF CHECK $ 512.50

OR: Consulting Services

DATE TO BE PAID: ASAP

NVOICE NO: 0001085

REQUESTED BY: _____

CCOUNT NO: _____ $ _____

APPROVED BY: _____

DATE: 24 Dec 86

1085

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1000
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

5 January 19 87

1220

PAY Five Hundred Twelve and 50/100---------- DOLLARS $ 512.50

TO THE ORDER OF
Marc A. Schoenberg
3595 S. Sepulveda Blvd., #9
Los Angeles, CA 90034

NOT NEGOTIABLE

1220 0047 5 0413.6

THE GERSTEN COMPANIES

DELUXE FORM BVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-5-87	Computer Consulting Services	$512.50

MARC A. SCHNEENBERG
3595 S. SEPULVEDA BLVD. #9
LOS ANGELES, CA 90034
(213) 390-7343
(213) 200-8712

INVOICE

0001085

Salesperson

Date: 12/1/86

TO: THE GERSTEN COMPANIES
9701 WILSHIRE BLVD.
SUITE 1204
BEVERLY HILLS, CA. 90212
ATTN: JOHN CANNING

SHIP TO:

Account No.	Date Shipped	Shipped Via	Col.	C.P.	F.O.B. Point	Terms	Your Order No.

Quantity	Description	Unit Price	Amount
	ONSITE CONSULTING 10/1/86 TO 12/1/86		
2.0	10/03/86 02:45 - 04:45		
2.0	10/07/86 01:30 - 03:30		
3.0	10/23/86 02:00 - 05:00		
1.75	10/24/86 11:00 - 12:45		
1.5	11/24/86 10:30 - 12:00		
	TOTAL 10.25 HOURS @ $50/HOUR		$512.50
		TOTAL	$512.50

4 4 3 6 0 4 7 1 1 6

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1086

5 January 19 87

PAY One Thousand Two Hundred Thirty Seven and 53/100------ DOLLARS $ 1,237.53

TO THE ORDER OF
The Harman Press
1227 North Highland Avenue
Los Angeles, CA 90038

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-5-87	Save the Date and envelopes for Gary Hart Dinner January 29, 1987.	$1,237.53

4043604711

FOR _____

HECK TO BE PAID TO: HARMAN PRESS

DDRESS: 1227 N. HIGHLAND AVE. LA 90038

MOUNT OF CHECK $ 1237.53

OR: SAVE THE DATE & ENVELOPES FOR HART DINNER 29 JAN 87

DATE TO BE PAID: ASAP

REQUESTED BY: _____

APPROVED BY: _____

DATE: 24 DEC 86

NVOICE NO: 49793

CCOUNT NO: _____ $ _____

_____ _____

A _____ OR RETURN _____

POSTING STAMP

HECK RECEIVED BY _____

ATE RECEIVED _____

4 0 4 3 6 0 4 7 1 8

Original backup to Friends of Gary Hart 2-6-87

Batch #10

THE HARMAN PRESS

PRINTERS & LITHOGRAPHERS

1227 No. Highland Ave./Los Angeles 90038(213) 463-7187

INVOICE 49793

DATE December 10, 1986

P.O. NUMBER Lacy Gane

• 1287362 - JG
The Gersten Company
Attention: Accounts Payable
9701 Wilshire Blvd. - #1204
Beverly Hills, Calif. 90212

•5400	GARY HART DINNER INVITATION (7 x 5) printed with red ink on two sides with reverse type on 10pt kromekote coated on one side on white stock	$ 727.00
6400	A-7 Envelopes printed with black ink on back flap	$ 435.00
		$1162.00 T
	tax	75.53
		$1237.53 A

4043600(4)7119

TERMS: Net end of month. Any amounts not paid when due are subject to a FINANCE CHARGE of 1½% per month on the unpaid balance which is an ANNUAL PERCENTAGE RATE of 18%. We shall be entitled to recover any costs incurred in enforcing collection of this account, including but not limited to reasonable attorneys' fees.

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1087

5 January 19 87

Three Hundred Four and 68/100---------- DOLLARS $ 304.68

PAY

TO THE ORDER OF
The Graphics Studio
811 North Highland Avenue
Los Angeles, CA 90038

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
-5-87	Design: Save the Date Gary Hart January 29, 1987	$304.68

4 0 2 4 3 6 0 4 7 2 0

PYH _____

HECK TO BE PAID TO: The Gráphics Studio

DDRESS: 811 North Highland Avenue Los Angeles, CA 90038

MOUNT OF CHECK $ 304.68

OR: Design :Save the Date Gary Hart

DATE TO BE PAID: 1 December 1986

INVOICE NO: _____

REQUESTED BY: _____

ACCOUNT NO: _____ $ _____

APPROVED BY: _____

_____ _____

DATE: 25 November 86

_____ OR RETURN _____

POSTING STAMP

HECK RECEIVED BY _____

ATE RECEIVED _____

4 0 4 3 6 0 4 7 2

Original backup to Friends of Gary Hart 2-6-87

THE GRAPHICS STUDIO 811 NORTH HIGHLAND AVENUE LOS ANGELES, CALIFORNIA 90038 466 2666

INVOICE

The Gersten Companies
9701 Wilshire Blvd. Suite 1001
Beverly Hills, CA 90212

Attn: Diane Drummond

DATE November 24, 1986

INVOICE NUMBER 7824

REFERENCE 6692

DESCRIPTION Save the Date: Fundraiser for Gary Hart

Design/Production/Assembly	200.00
Typography	52.00
Photostats	20.00
Subtotal	272.00
Tax	17.68
Messenger	15.00
Total	304.68

40436047722

FOR _____

CHECK TO BE PAID TO: The Graphics Studio

ADDRESS: 811 North Highland Avenue Los Angeles, CA 90038

AMOUNT OF CHECK $ 287.01

FOR: Artwork: American Cancer Society Tribute Book

DATE TO BE PAID: 1 December 86

INVOICE NO: _____ REQUESTED BY: _____

ACCOUNT NO: _____ $ _____ APPROVED BY: _____

DATE 25 November 86

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1000
BEVERLY HILLS, CA 90211

Beverly Hills - West Los Angeles Regional Offices
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1088

CHECK 5 January 19 87

PAY Two Hundred Eighty Seven and 01/100---------- DOLLARS $ 287.01

TO THE ORDER OF
The Graphics Studio
811 North Highland Avenue
Los Angeles, CA 90038

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-5-87	Artwork: American Cancer Society Tribute Book December 8, 1986	$287.01

THE GRAPHICS ST[illegible] 811 NORTH HIGHLAND AVENUE LOS ANGE[illegible] CALIFORNIA 90038 466 2666

INVOICE

The Gerston Companies
9701 Wilshire Blvd.
Suite 1001
Beverly Hills, CA 90212

Attn: Diane Drummond

DATE November 24, 1986

INVOICE NUMBER 7825

REFERENCE 6693

DESCRIPTION Cancer Tribute Book Ads

Design/Production/Assembly	200.00
Typography	52.00
Photostats	17.50
Subtotal	269.50
Tax	17.51
Total	287.01

4043606 47724

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: NATIONAL INFORMATION DATA CENTER

ADDRESS: POB 2977, WASHINGTON DC 20013

AMOUNT OF CHECK $ $29.95

FOR: ZIP CODE INFORMATION BOOK

DATE TO BE PAID: 1-6-87

INVOICE NO:

REQUESTED BY: DIANE DRUMMOND

ACCOUNT NO: $

APPROVED BY: LACY GAGE

DATE: 1-6-87

MAIL OR RETURN

POSTING STUB

1089

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1124
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

19-11/1220
1220

6 January 1987

PAY Twenty Nine and 95/100---------- DOLLARS $ 29.95

TO THE ORDER OF
National Information Data Center
POB 2977
Washington DC 20013

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-6-87	Zip Code Information Book 1987	$29.95

1987 -ATTENTION- 1987

The U.S. Postal Service® request that all mail be posted with accurate ZIP Code® information. Since publication of the 1986 National ZIP Code® and Post Office Directory, there have been numerous changes made in ZIP Codes®. National Information Data Center has available a totally COMPLETE MASTER 1987 MULTI/CODED 2-VOLUME NATIONAL ZIP CODE® AND POST OFFICE DIRECTORY. This easy-to-read directory is broken down by street names and numbers and contains complete ZIP Code® information furnished by the U.S. Postal Service®. Orders are now being taken for this 2-Volume Master Directory. By placing your order now, you will receive free with each directory, the new 22" x 30" ZIP CODE® WALL MAP set plus U.S. telephone area code listings. The purchase price is $29.95 for the two-volume set; for quantity discounts see below. If ten or more 2-volume sets are ordered, the price is $15.00 each. The National ZIP Code® Directory is published by National Information Data Center, a division of MB Ltd., a non-exclusive licensee of the U.S. Postal Service®. The price at which the directory is being sold by National Information Data Center is not set by the U.S. Postal Service®. The ZIP Code® information in the 1987 Directory expires December 31, 1987.

Please return entire form and make checks payable to:

NATIONAL INFORMATION DATA CENTER
P.O. Box 2977 • Washington, D.C. 20013
(301) 565-2539

[redacted]

Name Diane Drummond P.O.

Company The Gersten Companies

Address 9701 Wilshire Blvd., Suite 1204

City Beverly Hills, State CA Zip 90212

☑ 1 for $29.95 ☐ 2 for $49.95 ☐ 3 for $65.00 ☐ 5 for $99.00

☐ 10 for $150.00 ☐ _____ for $_____ ☐ Map Set Only - $14.95

4043604726

1090

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

8 January 19 87

PAY Six Hundred and Sixty and 00/100---------- DOLLARS $ 660.00

TO THE ORDER OF USPS

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-8-87	3,000 x .22¢ stamps for Gary Hart January 29, 1987 dinner mailing	660.00

⑆043600427⑆

FOR SPECIAL PROJECTS

HECK TO BE PAID TO: USPS

DDRESS: BEVERLY HILLS BRANCH

MOUNT OF CHECK $ 660.00

OR: 3,000 x .22¢ STAMPS FOR GARY HART JANUARY 29, 1987 DINNER

DATE TO BE PAID: 1-8-87

REQUESTED BY: DIANE DRUMMOND

APPROVED BY: LACY GAGE

DATE: 1-8-87

NVOICE NO:

CCOUNT NO: $

"A" OR RETURN

POSTING STAMP

HECK RECEIVED BY

ATE RECEIVED

40436047288

Original backup to Friends of Gary Hart 26-87

THE GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-8-87	3,000 x .22¢ stamps for Gary Hart January 29, 1987 dinner mailing	660.00

BEVERLY HILLS, CA JAN 8 87 USPS

40436047229

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1091

9 January 19 87

PAY Two Hundred Ninety Eight and 50/100---------- DOLLARS $ 298.50

TO THE ORDER OF
Deborah Anderson
1701 West 52nd Street
Los Angeles, CA 90062

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM SVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-9-87	Temporary Assistance Dinner Mainling (1-29-87) for Gary Hart 49.75 hours @ $6.00 per hour	$298.50

⑆042360471⑈

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: DEBORAH ANDERSON

ADDRESS: 1701 WEST 52nd STREET, LA, CA 90062

AMOUNT OF CHECK $

FOR: TEMPORARY ASSISTANCE WITH GARY HART DINNER (1-29-87) MAILING

DATE TO BE PAID: 1-9-87

INVOICE NO:

REQUESTED BY: DIANE DRUMMOND

ACCOUNT NO: $

APPROVED BY: LACY GAGE

DATE: 1-9-87

A OR RETURN

POSTING STAMP

CHECK RECEIVED BY

DATE RECEIVED

Original backup to Friends of Gary Hart

2-6-87

460473

GATEWAY TITLE COMPANY
847 Hollywood Way, Burbank, CA 91505, (818) 953-2300/(213) 849-2380
Customer Service Direct: (818) 953-2400/(213) 849-2380

Deborah Anderson
1701 W. 52nd St.
Los Angeles, Ca. 90062

Monday December 29,86	9:30-5 PM	7.5
Tuesday December 30, 86	9-5PM	8
Wednesday December 31,86	9-12 PM	3
Monday January 5,86	9:30-5:15 PM	7.75
Wednesday January 7,86	9:5-5:00	7.75
Thursday January 8,86	9-5:10 PM	8.25
Friday January 9,86	8:30-4 pm	1.5
		41.75

49.75

#27.50

40436047732

FOR _____

HECK TO BE PAID TO: Computer Dealer

DDRESS: _____

MOUNT OF CHECK $ 95.80

OR: Keyboard tray for Jo

DATE TO BE PAID: 9 Jan on delivery

NVOICE NO: 1251

REQUESTED BY: _____

CCOUNT NO: _____ $ _____

APPROVED BY: _____

DATE: 9 Jan 87

_____, _____

1092

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1101
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

19-77/1220
1260

9 January 19 87

PAY Ninety Five and 80/100 DOLLARS $ 95.80

TO THE ORDER OF
The Computer Dealer
10454 National Boulevard
Los Angeles, CA 90034

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
9 Jan 87	Keyboard Tray for Jo	95.80

CUSTOMER'S COPY

INVOICE

Nº 1251

the computer dealer
213/558-1778
10454-1/2 National Boulevard
Los Angeles, California 90034

SOLD TO: Gerstein CO

SHIPPED TO:

INVOICE DATE	SHIPPING DATE	CUSTOMER ORDER NO	OUR ORDER NO	SALESMAN
11/9/87				

TERMS	SHIPPED VIA	SHIPPED
Net		PREPAID ☐ COLLECT ☐

QUANTITY	DESCRIPTION	UNIT PRICE	ITEM AMOUNT
1	KeyBoard Draw		89 95
		Tx	5.85
			95.80

4043560473841

Net yesterday

Please send CK # 1092

L Harris

GBF 7A 14N

PLEASE PAY FROM THIS INVOICE

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1093

14 January 1987

PAY One Hundred Twenty Two and 48/100---------- DOLLARS $ 122.48

TO THE ORDER OF
Francis Orr
320 North Camden
Beverly Hills, CA 90210

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-14-87	Table cards/alphabetical cards for gary hart dinner: 1-29-87	122.48

40436047335

FOR: SPECIAL PROJECTS

CHECK TO BE PAID TO: FRANCIS ORR STATIONERS

ADDRESS: 320 NORTH CAMDEN, BH, CA 90210

AMOUNT OF CHECK: $ 122.48

FOR: TABLE CARD/ALPHABETICAL CARDS FOR GARY HART DINNER: 1-29-87

VENDOR CODE: _____ DATE TO BE PAID: 1-14-87

INVOICE NO.: _____ COMPUTER _____ MANUAL X

ACCOUNT NO.: _____ $ _____ REQUESTED BY: DIANE DRUMMOND

_____ _____ APPROVED BY: LACY GAGE

DATE: 1-14-87

MAIL _____ RETURN _____

CHECK RECEIVED BY _____

DATE RECEIVED _____

POSTING STAMP

40436047736

Original backup to Friends of Gary Hart 2-6-87

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1094

15-77/1220

14 January 1987

PAY Seventeen and 85/100---------- DOLLARS $ 17.85

TO THE ORDER OF

Beverly Stationers
422 North Beverly Drive
Beverly Hills- CA 90210

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-14-87	200 4 x 6 envelopes for Gary Hart dinner: 1-29-87	$17.85

⑆043600473⑆

FOR: SPECIAL PROJECTS

CHECK TO BE PAID TO: BEVERLY STATIONERS

ADDRESS: 422 NORTH BEVERLY DRIVE, BH, CA 90210

AMOUNT OF CHECK: $ 17.85

FOR: 200 4 x 6 ENVELOPES FOR GARY HART DINNER: 1-29-87

VENDOR CODE: _____ DATE TO BE PAID: 1-14-87

INVOICE NO.: _____ COMPUTER _____ MANUAL X

ACCOUNT NO.: _____ $ _____ REQUESTED BY: DIANE DRUMMOND

_____ _____ APPROVED BY: LACY GAGE

DATE: _____

MAIL _____ RETURN _____

CHECK RECEIVED BY _____

DATE RECEIVED _____

POSTING STAMP

40436047338

Original backup to Friends of Gary Hart

2-6-87

01-14-87
2
*0405 D
1785
1785
1785
00

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1095

15 January 87

PAY Two Hundred Thirty Nine and 02/100---------- DOLLARS $ 239.02

TO THE ORDER OF
Barbara's Place
POB 46911
7925 Santa Monica Blvd.
West Hollywood, CA 90046

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-15-87	Additional Gary Hart response cards/envelopes for 1-29-87	239.02

40436047 40

FOR: SPECIAL PROJECTS

CHECK TO BE PAID TO: BARBARA'S PLACE

ADDRESS: POB 46911, 7925 SANTA MONICA BLVD., LA, 90046

AMOUNT OF CHECK: $ 239.02

FOR: GARY HART ADDITIONAL RESPONSE CARDS/ENVELOPES FOR 1-29-87

VENDOR CODE: _____ DATE TO BE PAID: 1-15-87

INVOICE NO.: _____ COMPUTER _____ MANUAL X

ACCOUNT NO.: _____ $ _____ REQUESTED BY: DIANE DRUMMOND

_____ _____ APPROVED BY: LACY GAGE

DATE: 1-15-87

MAIL _____ RETURN _____

CHECK RECEIVED BY _____

DATE RECEIVED _____

POSTING STAMP

.40436047411

Original backup to Friends of Gary Hart

2-6-87

Barbara's Place
A California Corporation

P.O. BOX 46911
7925 SANTA MONICA BLVD
WEST HOLLYWOOD, CA 90046
(213) 654-5902

INVOICE

WORD PROCESSING
PHOTOCOPYING
PRINTING

INVOICE NO.	339-P
DATE	1-14-86
PRODUCTION NO.	
PURCHASE ORDER NO.	

TO: THE GERSTEN COMPANY

FOR: INVITATIONS

(GARY HART)

PGS.	QTY.	DESCRIPTION	AMOUNT	
1	1.5M	4X5½ 80 lb. Cover wh. w/Wm. Red	120	53
1	1M	5½ Baronial Ep.s	103	90
			224	43
		SALES TAX	14	59
		TOTAL	239	02
		LESS DEPOSIT _____ BALANCE DUE		

THIS INVOICE DUE UPON RECEIPT
NO STATEMENT WILL BE SENT

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1096

20 January 1987

PAY One Hundred Sixty Seven and 20/100---------- DOLLARS $ 167.20

TO THE ORDER OF
Jason Best Temporaries, Inc.
11661 San Vicente Blvd., #301
Los Angeles, CA 90049

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM BVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-20-87	Temp. assistance for Gary Hart addressing: 1-29-87	$ 167.20

⑆204360647⑆

FOR: SPECIAL PROJECTS

CHECK TO BE PAID TO: JASON BEST TEMPORARIES, INC.

ADDRESS: 11661 SAN VICENTE BLVD., #301, LA, CA 90049

AMOUNT OF CHECK: $ 167.20

FOR: TEMP. ASSISTANCE FOR GARY HART ADDRESSING FOR 1-29-87

VENDOR CODE: _____ DATE TO BE PAID: 1-16-87

INVOICE NO.: _____ COMPUTER _____ MANUAL X

ACCOUNT NO.: _____ $ _____ REQUESTED BY: DIANE DRUMMOND

_____ _____ APPROVED BY: LACY GAGE

DATE: 1-16-87

MAIL _____ RETURN _____

CHECK RECEIVED BY _____

DATE RECEIVED _____

POSTING STAMP

4004360047444

Original backup to Friends of Gary Hart

2-6-87

JASON BEST TEMPORARIES, INC.

11661 san vicente blvd., suite 301, los angeles, california 90049
phone (213) 820-1437

INVOICE

DATE Jan. 8, 1987

TO The Gersten Companies
9701 Wilshire Blvd., Suite 1001
Beverly Hills, CA 90212

Temporary Fee For: Andrea Dietreich

Reports To: Dianne Drummond

Position: Clerical

Week Ending: 12/28/86

Total Hours: 19 hours

Hourly Rate: $3.80

TOTAL DUE: $107.20

PAYMENT DUE UPON RECEIPT OF INVOICE
(please see Client Company Agreement on reverse side)

4043600447445

ON BEST AGENCY
IPORARY
VI

TIME CARD
MAIL BY FRIDAY

	TIME IN	LUNCH OUT	LUNCH IN	TIME OUT	Regular HOURS	Overtime HOURS	Double-time HOURS
lay							
day							
nesday							
nday							
y							
day							
lay							
TOTAL							

earest quarter hour)
ment completed YES ☐
NO ☐

OYEE
(please print)
ESS
(please print)
EMPLOYEE SIGNATURE

YOUR CURRENT WORK ORDER NO. 10625

WEEK ENDING SUNDAY Month Day Yea

YOUR SOCIAL SECURITY NUMBER

COMPANY NAME (please print)

ADDRESS

CITY STATE Zip

SUPERVISOR SIGNATURE (Invalid Unless Signed)

I certify that the hours including overtime are correct. Client approval const acceptance of our schedule of fees and client company agreement. (see reverse

To insure your check is processed on time, mail your time each friday night to:

Jason Best Agency — Temp Service
11661 San Vicente Blvd., Suite 301
Los Angeles, CA 90049
Phone: (213) 820-1437

white - client copy; canary - employee copy; pink, gold - JB

4043604746

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1097

20 January 19 87

11-77/1220

PAY Seven Hundred Eighty Three and 93/100---------- DOLLARS $ 783.93

TO THE ORDER OF
The Graphics Studio
811 North Highland Avenue
Los Angeles, CA 90038

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-20-87	Invitation for Gary Hart 1-29-87	783.93

⑆043600477⑆

FOR: SPECIAL PROJECTS

CHECK TO BE PAID TO: THE GRAPHICS STUDIO

ADDRESS: 811 NORTH HIGHLAND AVENUE, LA, CA 90038

AMOUNT OF CHECK: $ 783.93

FOR: INVITATION FOR GARY HART: 1-29-87

VENDOR CODE: _____ DATE TO BE PAID: 1-16-87

INVOICE NO.: _____ COMPUTER _____ MANUAL X

ACCOUNT NO.: _____ $ _____ REQUESTED BY: DIANE DRUMMOND

_____ _____ APPROVED BY: LACY GAGE

DATE: 1-16-87

MAIL _____ RETURN _____

CHECK RECEIVED BY _____

DATE RECEIVED _____

POSTING STAMP

40043600447448

Original backup to Friends of Gary Hart

2-6-87

THE GRAPHICS STUDIO 811 NORTH HIGHLAND AVENUE LOS ANGELES, CALIFORNIA 90038 (213) 466-1561

INVOICE

The Gersten Companies
9701 Wilshire Blvd.
Beverly Hills, CA 90212
Suite 1001

Attn: Lacey Gage

DATE January 9, 1987

INVOICE NUMBER 7859

REFERENCE 6697

DESCRIPTION Invitation for Gary Hart: Fundraiser

Design/Production/Assembly	500.00
Typography	222.00
Sub-total	722.00
Tax	46.93
Messenger	15.00
Total	783.93

40436047499

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: LEVY & ASSOCIATES

ADDRESS: 6464 SUNSET BOULEVARD, #870 LOS ANGELES CA 90028

AMOUNT OF CHECK $2,500.00

FOR: 2nd INSTALLMENT, LMU EVENT

DATE TO BE PAID: 1-21-87

INVOICE NO: _____

REQUESTED BY: LACY GAGE

ACCOUNT NO: _____ $ _____

APPROVED BY: LACY GAGE

DATE: 20 JANUARY 1987

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1201
BEVERLY HILLS, CA 90212

UNION BANK

1098

21 January 19 87

13-77/1220

PAY Two Thousand Five Hundred and 00/100---------- DOLLARS $2,500.00

TO THE ORDER OF

Levy & Associates
6464 Sunset Blvd., #870
Los Angeles, CA 90028

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-21-87	2nd installment, LMU Event	$2,500.00

FOR SPECIAL PROJECTS

CHECK TO BE PAID TO: THE ENTERTAINMENT CONNECTION

ADDRESS: 204 SOUTH CLARK DRIVE BEVERLY HILLS CA 90211

AMOUNT OF CHECK $ 5,000

FOR: 2nd INSTALLMENT, CONTRACT FOR TALENT, LMU EVENT

DATE TO BE PAID: 1-21-87

INVOICE NO:

REQUESTED BY: LACY GAGE

ACCOUNT NO: $

APPROVED BY: LACY GAGE

DATE: 20 JANUARY 1987

OR RETURN

1099

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

13-77/220
1220

21 January 19 87

PAY Five Thousand Only---------- DOLLARS $ 5,000.00

TO THE ORDER OF
The Entertainment Connection
204 South Clark Drive
Beverly Hills, CA 90211

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-21-87	2nd installment, contract for talent, LMU event	$5,000.00

FOR _____

CHECK TO BE PAID TO: Computer Dealer

ADDRESS: 10454 1/2 National Boulevard LA 90034

AMOUNT OF CHECK $ 96.65

FOR: Repairs

DATE TO BE PAID: ON DELIVERY

INVOICE NO: 1275

REQUESTED BY: Cathy

ACCOUNT NO: _____ $ _____

APPROVED BY: Cathy

DATE: _____

⑈004715⑆ ⑆0600⑈ ⑈10

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1100
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1100

21 January 1987

12-71/1220

PAY Ninety Six and 65/100---------- DOLLARS $96.65

TO THE ORDER OF
The Computer Dealer
10454½ National Boulevard
Los Angeles, CA 90034

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
21 January 87	Repair Data Shield and Printers	96.65

CUSTOMER'S COPY

INVOICE

No 1275

the computer dealer
213/558-1778
10454-1/2 National Boulevard
Los Angeles, California 90034

SOLD TO: Gerstein
9701 Wilshire Bl. #1001
Beverly Hills, Ca. 90212

SHIPPED TO: Mary [redacted]

INVOICE DATE	SHIPPING DATE	CUSTOMER ORDER NO	OUR ORDER NO	SALESMAN
11/16/82				

SHIPPED VIA | F.O.B. | SHIPPED PREPAID ☐ COLLECT ☐

QUANTITY	DESCRIPTION	UNIT PRICE	ITEM AMOUNT
1	FAN ASSY.		25.00
1	hr. Tech Time		45.00
	Paid CK# 1100		
		TAX	1.63
			96.65

4043600475 3

PLEASE PAY FROM THIS INVOICE

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1101

23 January 1987

19-77/1220

Three Hun

PAY [redacted]hundred Ninety Nine and 00/100---------- DOLLARS $ 399.00

TO THE ORDER OF

Deborah Anderson
1701 West 52nd Street
Los Angeles, CA 90062

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1-23-87	Temporary Assistance Gary Hart calling: 1-29-87	$399.00

⑆043604775⑈

FOR: SPECIAL PROJECTS

CHECK TO BE PAID TO: DEBORAH ANDERSON

ADDRESS: 1701 WEST 52nd STREET, LA, CA 90062

AMOUNT OF CHECK: $ 399.00

FOR: TEMPORARY ASSISTANCE GARY HART CALLING: 1-29-87

VENDOR CODE: _____ DATE TO BE PAID: 1-23-87

INVOICE NO.: _____ COMPUTER _____ MANUAL X

ACCOUNT NO.: _____ $ _____ REQUESTED BY: DIANE DRUMMOND

_____ _____ APPROVED BY: LACY GAGE

DATE: 1-23-87

MAIL _____ RETURN _____

CHECK RECEIVED BY _____

DATE RECEIVED _____

POSTING STAMP

4043604755

Originals to Friends of Gary Hart

Deborah Anderson
1701 W 52nd St
L.A. ; Ca. 90062

Jan.

mon. – 12th	– 9-5	8
tues. – 13th	– 9-5	8
WED. – 14th	– 9-5	8
Thurs. – 15th	– 9:30-5	7.5
Fri. – 16th	– 9-1	7
mon. 19th	– off day	
Tues. 20th	– 9:15-5:15	8
WED. 21th	– 9-5	7.75
Thurs. 22th	– 9:20 5	7.75
Fri. 23th	– 9:30-2	4.5

$349 46 pr hour 66.50

4043604756

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1102

26 January 1987

PAY Eight Hundred Fifty and0/100---------- DOLLARS $ 850.00

TO THE ORDER OF
Mondo Celaya
11617 Otsego Street
North Hollywood, CA 91601

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
26 Jan 87	Music for Gary Hast Dinner - January 29,1987	850.00

4043604757

FYM _____

HECK TO BE PAID TO: MONDO CELAYA

DDRESS: 11617 OTSEGO STREET . NORTH HOLLYWOOD 91601

MOUNT OF CHECK $ 850 -

OR: MUSIC FOR GARY HART DINNER 1-29-87

DATE TO BE PAID: _____

INVOICE NO: _____

REQUESTED BY: _____

ACCOUNT NO: _____ $ _____

APPROVED BY: _____

_____ _____

DATE: 1-26-87

AIL _____ OR RETURN _____

POSTING STAMP

HECK RECEIVED BY _____

ATE RECEIVED _____

Originals to Friends of Gary Hart

CARB-OUT

DE LUXE CHECK PRINTERS, INC.

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1102

18-77/1220

26 January 1987

PAY Eight Hundred Fifty and0/100---------- DOLLARS $ 850.00

TO THE ORDER OF
Mondo Celaya
11617 Otsego Street
North Hollywood, CA 91601

[redacted]

THE GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY NO RECEIPT DESIRED

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
Jan 87	Music for Gary Hart Dinner - January 29,1987	850.00

⑈004360⑆ 1⑈

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1103

5February 19 87

PAY Thirty Nine and 60/100---------- DOLLARS $39.60

TO THE ORDER OF
Jason Best Temporaries, Inc.
11661 San Vicente Boulevard, #301
Los Angeles, CA 90049

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WYC-3 Y-2

DATE	DESCRIPTION	AMOUNT
5 Feb 87	Annette Hutchinson/Temporary clerical/Gary Hart 1-29-87	$39.60

⑆043600476⑈

FOR _____

HECK TO BE PAID TO: JASON BEST

DDRESS: 11661 SAN VICENTE #301 LA CA 90049

MOUNT OF CHECK $ 39.60

OR: TEMPORARY HELP GARY HART DINNER 29 JAN 87

DATE TO BE PAID: _____

INVOICE NO: _____

REQUESTED BY: _____

CCOUNT NO: _____ $ _____

APPROVED BY: _____

_____ _____

DATE: _____

AIL _____ OR RETURN _____

POSTING STAMP

HECK RECEIVED BY _____

ATE RECEIVED _____

4 0 4 3 6 0 4 7 6

Originals to Friends of Gary Hart

JASON BEST TEMPORARIES, INC.

11661 san vicente blvd., suite 301, los angeles, california 90049
phone (213) 820-1437

INVOICE

TO The Gersten Companies
9701 Wilshire Blvd., Suite 1001
Beverly Hills, CA 90212

DATE Jan 14, 1987

Temporary Fee For: Annette Hutchinson

Reports To: Dianne Drummond

Position: Clerical

Week Ending: 1/18/87

Total Hours: 4.5 hours

Hourly Rate: $8.80

TOTAL DUE: $39.60

PAYMENT DUE UPON RECEIPT OF INVOICE
(please see Client Company Agreement on reverse side)

4004360047662

CARB-OUT

DE LUXE CHECK PRINTERS, INC.

DOUBLE VOUCHER

1103

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

16-77/200
1220

February 19 87

PAY Thirty Nine and 60/100---------- DOLLARS $ 39.60

TO THE ORDER OF
Jason Best Temporaries, Inc.
11661 San Vicente Boulevard, #301
Los Angeles, CA 90049

[redacted]

THE GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
5 Feb 87	Annette Hutchinson/Temporary clerical/Gary Hart 1-29-87	$39.60

40436047

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1201
BEVERLY HILLS, CA 90212

UNION BANK

1104

5 February 1987

15-77/1220

PAY One Hundred Sixty Five and 8/100---------- DOLLARS $ 165.08

TO THE ORDER OF
The Harman Press
1227 North Highland AVenue
Los Angeles, CA 90038

[redacted]

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
2-5-87	Additional envelopes/Gary Hart 1-29-87	165.08

⑆043600476⑆

FOR _____

K TO BE PAID TO: HARMAN PRESS

ESS: 1227 NORTH HIGHLAND AVE LA 90038

NT OF CHECK $ 165.08

ADDITIONAL ENVELOPES GARY HART DINNER 29 JAN 87

DATE TO BE PAID: _____

ICE NO: _____

UNT NO: _____ $ _____

_____ _____

REQUESTED BY: Lacy Gage

APPROVED BY: _____

DATE: 26 JAN 87

_____ OR RETURN _____

POSTING STAMP

K RECEIVED BY _____

RECEIVED _____

Originals to Friends of Gary Hart

Batch #18

THE HARMAN PRESS

PRINTERS & LITHOGRAPHERS

1227 No. Highland Ave./Los Angeles 90038(213) 463-7187

INVOICE 50333

DATE January 21, 1987

P.O. NUMBER

1287362 - JG
The Gersten Companies
Attention: Accounts Payable
9701 Wilshire Blvd. - #1204
Beverly Hills, Calif. 90212

1500 89-5 Envelopes
printed with black ink on flap

Friends Of Gary Hart
9701 Wilshire Blvd., Suite 1001
Beverly Hills, Calif. 90212

	$155.00	TX
tax	10.08	90
	$165.08	A1

0436047666

TERMS: Net end of month. Any amounts not paid when due are subject to a FINANCE CHARGE of 1½% per month on the unpaid balance which is an ANNUAL PERCENTAGE RATE of 18%. We shall be entitled to recover any costs incurred in enforcing collection of this account, including but not limited to reasonable attorneys' fees.

CARB-OUT

DE LUXE CHECK PRINTERS, INC.

DOUBLE VOUCHER

1104

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9400 Wilshire Blvd., Beverly Hills, CA 90212

16-71/1220

5 February 1987

PAY One Hundred Sixty Five and 8/100---------- DOLLARS $ 165.08

TO THE ORDER OF
The Harman Press
1227 North Highland Avenue
Los Angeles, CA 90038

[redacted]

THE GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
2-5-87	Additional envelopes/Gary Hart 1-29-87	165.08

4043607

FOR _____

HECK TO BE PAID TO: AMBROSIA

DDRESS: 13420 ZANJA STREET VENICE CA 90291

MOUNT OF CHECK $ 101.18

OR: HORS D'OEVRES FOR OFFICE RECEPTION 1-23-87

DATE TO BE PAID: _____

VOICE NO: 5900

REQUESTED BY: Mary Gage

ACCOUNT NO: _____ $ _____

APPROVED BY: _____

DATE: 1-26-87

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1201
BEVERLY HILLS, CA 90212

UNION BANK

1105

5 February 19 87

PAY One Hundred One and 18/100---------- DOLLARS $101.18

TO THE ORDER OF
Ambrosia
13420 Zanja Street
Venice, CA 90291

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
2-5-87	Hors d'oerves for office recption 1-23-87	$101.18

Ambrosia

CATERERS

13420 ZANJA STREET
VENICE, CALIFORNIA 90291
(213) 392-8547

CUSTOMER'S COPY

INVOICE

Nº 5900

SOLD TO: GERSTEN COMPANY
9701 Wilshire Blvd., Suite #1001
Beverly Hills, Ca 90210

ATTN: LACY

SHIPPED TO: Delivery on Friday 1/23/87 by 4:30 PM

Mitsui Manufacturer's Bank- enter on Roxbury-Parking provided.

INVOICE DATE	SHIPPING DATE	CUSTOMER ORDER NO	OUR ORDER NO	SALESMAN
1/20/87	1/23/87			Aileen

TERMS	SHIPPED VIA	SHIPPED
C.O.D.		PREPAID ☐ COLLECT ☐

QUANTITY	DESCRIPTION	UNIT PRICE	ITEM AMOUNT
1	Small Crudite basket with Shrimp pate & Spinach Dijon Dip:		$ 35.00
1	Brie en Croute with Pesto & Pine Nuts:		$ 40.00
	Delivery:		20.00
	SUB TOTAL:		$ 95.00
	6.5% Sales Tax:		6.18
	TOTAL DUE:		$101.18
	Thank you.		

4043606047669

PLEASE PAY FROM THIS INVOICE

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK
[redacted]

1106

27 January 19 87

11-7/1220

PAY Twelve Thousand and 0/100 DOLLARS $ 12,000.00

TO THE ORDER OF
BEVERLY WILSHIRE HOTEL
9500 WILSHIRE BLVD
BEVERLY HILLS CA 90212

[redacted]

NOT NEGOTIABLE

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
27 January 87	Beverly Wilshire Hotel for Gary Hart dinner	12,000.00

4043604770

FROM _____

CHECK TO BE PAID TO: Beverly Wilshire Hotel

ADDRESS: 9500 Wilshire Boulevard Beverly Hills, CA 90212

AMOUNT OF CHECK $ 12,000.00

FOR: Cashiers check for dinner guarantee/Gary Hart 1-29-87

DATE TO BE PAID: 1-27-87

INVOICE NO: _____

ACCOUNT NO: _____ $ _____

REQUESTED BY: _____

APPROVED BY: Gary Hart

DATE: 1-27-87

MAIL _____ OR RETURN _____

POSTING STAMP

CHECK RECEIVED BY _____

DATE RECEIVED _____

4047704

Originals to Friends of Gary Hart.

CASHIER'S CHECK

№ 2000484450

JAN 27 87

* * * * * * BEVERLY WILSHIRE HOTEL * * * * * * *12,000.00**

PAY 12000.00

PURCHASER

NON-NEGOTIABLE

Beverly Hills West P.A. Regional Office
UNION BANK
9400 Wilshire Boulevard
Beverly Hills, California 90212

12-77/200/1220

3K

47722

GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY NO RECEIPT DESIRED

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
27 January 87	Beverly Wilshire Hotel for Gary Hart dinner	12,000.00

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1107

5 February 19 87

18-77/1220

PAY Two Hundred Forty Four and 20/100---------- DOLLARS $244.20

TO THE ORDER OF
Jason Best Temporaries, Inc.
11661 San Vicente Boulevard, #301
Los Angeles, CA 90049

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
2-5-87	Annette Hutchinson/Temporary assistance/Gary Hart 1-29-87	244.20

⑆043604777⑆

FROM _____

ECK TO BE PAID TO: Jason Best Temporaries, Inc.

DRESS: 11661 San Vicente Boulevard, #301 Los Angeles, CA 90049

OUNT OF CHECK $ 244.20

R: Temporary assistance Gary Hart dinner 1-29-87

DATE TO BE PAID: 2-5-87

VOICE NO: 1006

REQUESTED BY: Tracy Quelle

COUNT NO: _____ $ _____

APPROVED BY: _____

DATE: 2-5-87

_____ OR RETURN _____

POSTING STAMP

ECK RECEIVED BY _____

TE RECEIVED _____

4047760

Originals to Friends of Gary Hart.

2-6-87

JASON BEST TEMPORARIES, INC.

11661 san vicente blvd., suite 301, los angeles, california 90049
phone (213) 820-1437

№ 1006
INVOICE

DATE Jan 29, 1987

TO The Gersten Companies
9701 Wilshire Blvd., Suite 1001
Beverly Hills, CA 90212

Temporary Fee For: Annette Hutchinson
Reports To: Dianne Drummond
Position: Clerical
Week Ending: 1/25/87
Total Hours: 27.75 hours
Hourly Rate: $8.80
TOTAL DUE: $244.20

PAYMENT DUE WITHIN SEVEN DAYS
(please see Client Company Agreement on reverse side)

White Copy - Please keep for your files

Yellow Copy - Please remit with payment

4043604

BEST AGENCY
RARY

TIME CARD
MAIL BY FRIDAY

YOUR CURRENT WORK ORDER NO: 10727

WEEK ENDING SUNDAY: Month 1 | Day 25 | Year 87

YOUR SOCIAL SECURITY NUMBER

	TIME IN	LUNCH OUT	LUNCH IN	TIME OUT	Regular HOURS	Overtime HOURS	Double-time HOURS
	9 AM	1 PM	2 PM	5 PM	8		
by	9 AM	1 PM	2 PM	5 PM	8		
	9 AM	1 PM	2 PM	5 PM	8		
	9 AM			12:45	3¾		

TOTAL 27¾

t quarter hour)
: completed YES ☐
NO ☐

B. A. HUTCHINSON
(please print)
1901 CAMDEN AVE. LOS ANGELES
(please print)
226

EMPLOYEE SIGNATURE

3207

GORSTON Co
COMPANY NAME (please print)
9701 WILSHIRE BLVD #1001
ADDRESS
LOS ANGELES 90212
CITY STATE ZIP

SUPERVISOR SIGNATURE (Invalid Unless Signed)

I certify that the hours including overtime are correct. Client approval constitutes acceptance of our schedule of fees and client company agreement. (see reverse side)

To insure your check is processed on time, mail your time card each friday night to:

Jason Best Agency — Temp Service
11661 San Vicente Blvd., Suite 301
Los Angeles, CA 90049
Phone: (213) 820-1437

white - client copy; canary - employee copy; pink, gold - JB copy

4043604716

CARB-OUT
DE LUXE CHECK PRINTERS, INC
DOUBLE VOUCHER

1107

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

18-77/200
1220

5 February 19 87

PAY Two Hundred Forty Four and 20/100---------- DOLLARS $244.20

TO THE ORDER OF
Jason Best Temporaries, Inc.
11661 San Vicente Boulevard, #301
Los Angeles, CA 90049

acy gage

[redacted]

THE GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY NO RECEIPT DESIRED

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
2-5-87	Annette Hutchinson/Temporary assistance/Gary Hart 1-29-87	244.20

⑆204360⑆ 7

THE GERSTEN COMPA[redacted]
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

[redacted] Office
UNION BANK
[redacted]

1108

5 February 19 87

19-77/1220

PAY One Hundred Fifty One and 80/100---------- DOLLARS $ 151.80

151.80

TO THE ORDER OF
Jason Best Temporaries, Inc.
11661 San Vicente Boulevard, #301
Los Angeles, CA 90049

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
2-5-87	Chuck Pausa/temporary assistance/Gary Hart 1-29-87	151.80

⑆043604779⑆

FOR _____

CHECK TO BE PAID TO: Jason Best Temporaries, Inc.

ADDRESS: 11661 San Vicente Boulevard, #301 Los Angeles, CA 90049

AMOUNT OF CHECK $ 151.80

FOR: Temporary Assistance Gary Hart dinner 1-29-87

DATE TO BE PAID: 2-5-87

INVOICE NO: 1105

ACCOUNT NO: _____ $ _____

_____ _____

REQUESTED BY: _____

APPROVED BY: Gary Hart

DATE: 2-5-87

_____ OR RETURN _____

POSTING STAMP

CHECK RECEIVED BY _____

DATE RECEIVED _____

0471

4048

Original backup to Friends of Gary Hart

2-6-87

JASON BEST TEMPORARIES, INC.

11661 san vicente blvd., suite 301, los angeles, california 90049
phone (213) 820-1437

№ 1005
INVOICE

TO The Gersten Companies
9701 Wilshire Blvd., Ste. 1001
Beverly Hills, CA 90212

DATE Jan 29, 1987

Temporary Fee For: Chuck Paussa
Reports To: Dianne Drummond
Position: Clerical
Week Ending: 1/25/87
Total Hours: 17.25 hours
Hourly Rate: $8.80
TOTAL DUE: $151.80

PAYMENT DUE WITHIN SEVEN DAYS
(please see Client Company Agreement on reverse side)

White Copy - Please keep for your files

Yellow Copy - Please remit with payment

4043604750

#10728

The Gerston Companies

Time Sheet for Valentino Charles Faussa 13140

10304 Northvale Rd.
Los Angeles, CA 90064

1-20-87	9:00am to 12noon	1:00pm to 5:00pm	7 hours
1-21-87	9:00am to 11:00am	12:15pm to 2:00pm 4:00pm to 5:00pm	4 hours 45 minut.
1-22-87	9:00am to 12noon	1:00pm to 3:30pm	5¼ hours

Total hours 17¼ hours

17.25

Diane Drummond
Special Projects
1-22-87

4043604781

CARB-OUT

DE LUXE CHECK PRINTERS, INC.

DOUBLE VOUCHER

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1108

16-77/1220

5 February 1987

PAY One Hundred Fiftyand 80/100---------- DOLLARS $151.80

TO THE ORDER OF
Jason Best Temporaries, Inc.
11661 San Vicente Bouelvard, #301
Los Angeles, CA 90049

[redacted]

THE GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY NO RECEIPT DESIRED

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
2-5-87	Chuck Pausa/temporary assistance/Gary Hart 1-29-87	151.80

⑈1108⑈ ⑆122047360⑆ 4

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1109

5 February 19 87

PAY One Thousand Three Hundred Eleven and 2/100---------- DOLLARS $1,311.02

TO THE ORDER OF
Rayâs Flowers
13838 Ventura Boulevard
Sherman Oaks, CA 91423

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM BVC-S V-2

DATE	DESCRIPTION	AMOUNT
-5-87	Centerpieces/Gary Hart 1-29-87	$1,311.02

4 0 4 3 6 0 4 7 8 3 7

FOR _____

HECK TO BE PAID TO: RAYS FLOWERS.

DDRESS: 13630 VENTURA BOULEVARD SHERMAN OAKS 91423

MOUNT OF CHECK $ 1311.02

OR: CENTERPIECES - GARY HART - 1-29-87

DATE TO BE PAID: 5FEB87

INVOICE NO: _____

REQUESTED BY: Judy Quate

ACCOUNT NO: _____ $ _____

APPROVED BY: _____

DATE: 5FEB87

MAIL _____ OR RETURN _____

POSTING STAMP

CHECK RECEIVED BY _____

DATE RECEIVED _____

0478

0484

Original backup to Friends of Gary Hart.

CARB-OUT
DE LUXE CHECK PRINTERS, INC.

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

1109

5 February 19 87

18-77/1220

PAY One Thousand Three Hundred Eleven and 2/100---------- DOLLARS $1,311.02

TO THE ORDER OF
Ray's Flowers
13838 Ventura Boulevard
Sherman Oaks, CA 91423

[redacted]

THE GERSTEN COMPANIES

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DELUXE FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
5-87	Centerpieces/Gary Hart 1-29-87	$1,311.02

⑈ 4043604 ⑈

BEVERLY WILSHIRE HOTEL
JANUARY 29, 1987

I will buy or sell _____ Table(s) at $2500 per table of ten.

I will buy or sell _____ Ticket(s) at $250 per ticket.

Enclosed is my personal check in the amount of $ _____

I am sorry I cannot attend, but wish to contribute $ _____.

Name _____ Phone _____

Home Address _____

City _____ State _____ Zip _____

Employer or
Firm _____ Occupation _____

Business
Address _____ Phone _____

City _____ State _____ Zip _____

For more information please call: Lacy Gage 213-272-0700

Please make checks payable to Friends of Gary Hart 1988 Contributions may not exceed $1000 per person

Friends of Gary Hart 1988 has been established to explore possibilities for Senator Hart's Pntential 1988 presidential campaign

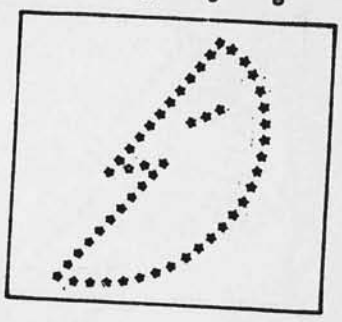
4004360047836

IN HONOR OF
U S SENATOR GARY HART
ON THURSDAY JANUARY 29, 1987
BEVERLY WILSHIRE HOTEL
9500 WILSHIRE BOULEVARD
BEVERLY HILLS CALIFORNIA

COCKTAILS 6 30 PM
DINNER 7 30 PM
BLACK TIE

FOR INFORMATION
PLEASE CALL LACY GAGE
213-272-0700

THE FRIENDS
OF GARY HART
1 9 8 8



INVITE YOU TO
A GALA EVENING

CO-HOSTS
LOREE & RICK ALLEN
LISA & JONATHAN BLOCH
DON W CARLSON
MARILYNN & ALBERT H GERSTEN, JR.
SOOKY GOLDMAN
DEBORAH & STUART KARL
JEANNE & LARRY LAWRENCE
CHARLES T MANATT
PATRICIA DUFF MEDAVOY
KITTY & STEVE MOSES
BERNARD E SCHNEIDER
DAVID F STEIN

40436047887

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1113

16 March 87

PAY Five Thousand and 0/100 DOLLARS $ 5,000.00

The Entertainment Connection
204 South Clark Drive,
Beverly Hills, CA 90211

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
3-16-87	3rd installment, contract for talent, LMU event	5,000.00

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8501 WILSHIRE BLVD., STE. 1234
BEVERLY HILLS, CA 90211

UNION BANK

1112

16 March 87

PAY Two Thousand Five Hundred and 0/100 DOLLARS $2,500.00

J. Levy and Associates
6464 Sunset Boulevard, #870
Los Angeles, CA 90028

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
3-16-87	3rd installment, contract to produce LMU event	2,500.00

THE GERSTEN COMPANIES
SPECIAL PROJECTS
[redacted]

UNION BANK
[redacted]

1047

6 October 86

PAY One Hundred Ninety Six and 44/100 DOLLARS $ 196.44

Ray's Flowers
[redacted]
Sherman Oaks, CA 91423

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
6 Oct 86	Flowers - Hebrew University Dinner - 19 September 86	196.44

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1044

6 October 19 86

PAY Seven Thousand Five Hundred Ninety Six and 6/100------ DOLLARS $ 7,596.06

Regal RAnts
9925 Jefferson Boulevard
Culver City, CA 90230

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
6 Oct 86	Rentals - Vista del Mar Dinner - 17 Sept 86	7,596.06

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90211

UNION BANK

1043

6 October 19 86

PAY Five Thousand and 0/100---------- DOLLARS $ 5,000.00

TO THE ORDER OF
The Entertainment Connection
204 South Clark Drive
Beverly Hills, CA 90211

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
6 Oct 86	Production consulting services-LUM Benefit 1st Installment	5,000.00

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90211

UNION BANK

1042

6 October 9,,86

PAY Two Thousand Five Hundred and 0/100---------- DOLLARS $2,500.00

TO THE ORDER OF
J. Levyy& Associates
11906 Wilshire Boulevard, #24
Los Angeles, Ca 90025

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
6 Oct 86	1st Installment-Rock Event-LNN Benefit	2,500.00

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1036

19 September 86

PAY Two Hundred Only DOLLARS $ 200.00

Cash

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
9-19-86	Gratuities for Hebrew University event 9-19-86:	
	2 x $50 Security. 5 x $20 Parking	$200.00

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9701 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90212

UNION BANK

1034

17 September 86

PAY One Thousand Six Hundred Three and 89/100 DOLLARS $1603.89

TO THE ORDER OF
Ray's Flowers
13838 Ventura Boulevard
Sherman Oaks, CA 91423

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
17 Sept 86	Centerpieces for Hebrew University 19 September 1986	1,603.89

THE GERSTEN COMPANIES
SPECIAL PROJECTS
9301 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90210

UNION BANK

1033

17 September 86

Pay Four Hundred Eighty Five and 86/100 DOLLARS $485.64

Ray's Flowers
13838 Ventura Boulevard
Sherman Oaks, CA 91423

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DATE	DESCRIPTION	AMOUNT
17 Sept 86	Centerpieces for Vista Del Mar 17 September 1986	485.64

THE GERSTEN COMPANIES
SPECIAL PROJECTS
8383 WILSHIRE BLVD., STE. 1204
BEVERLY HILLS, CA 90211

UNION BANK

1007

14 July 86

PAY One Thousand and 0/100 DOLLARS $ 1,000.00

Ambrosia
13420 Zanja Street
Venice, CA 90291

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

DELUXE FORM 8106 '84

DATE	DESCRIPTION	AMOUNT
7/14/86	Catering - Toxics Event 6/12/86	1,000.00

HART NATIONAL CABINET

August 14, 1986

Bill Dixon
c/o Senator Gary Hart
237 Russell Senate Office Building
Washington, D.C. 20510

Dear Bill:

On behalf of the Winter Park Group, I am pleased to submit for your review and consideration our first draft of a proposed 1988 Gary Hart Business Plan.

As you know, this plan represents the combined efforts of all those who attended the Winter Park retreat. The individual task force memorandums that were produced subsequent to the Winter Park meeting have been compiled, edited and incorporated into this draft document. The actual memorandums have been included as appendices.

I am currently forwarding draft copies to the Winter Park participants so that they can review the cumulative work product. This draft will obviously require considerable editing as well as additional input before it can adequately represent a comprehensive and meaningful business plan.

We appreciate your continued support and consideration for this project. I know I speak for the entire Winter Park group when I say we stand ready and willing to provide you with whatever support you may need. We will await your further direction.

Best regards,

David

David F. Stein

40436047998

P.O. Box 6908 • Monarch Beach, CA 92677 • 714 581 1986

Distribution:
Bill Broadhurst
Rick Brown
Norman Brownstein
Joe Crowley
Ron Dozoretz
John Emerson
Al & Marilynn Gersten
Gary Hart
Mark Hogan
Stuart Karl
Micky Miller
Jon Mills
Steve & Kitty Moses
Mike Novelli
Jack Quinn
Eli Segal
Jeanne Shaheen
Billy Shore
Mike Stratton

40436047999

Albert / Marilyn:

Looking forward to seeing you soon.

Regards

Bi

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I. BACKGROUND

In 1988 the voters of the United States will exercise one of the greatest rights of free choice enjoyed by mankind - they will freely elect the President of the United States. These voters will support a uniquely qualified candidate who will lead and govern the United States for a period of eight years. They will support a candidate who will strengthen the economy, and lift the spirit, strength, and international stature of America to new levels of excellence. The leader these citizens will support is GARY HART - Senator from the State of Colorado.

Gary Hart has a compelling vision of this nation's future. He will lead Americans into a future of economic growth, expanding opportunity, individual freedom, and world peace.

The individuals listed below have identified a candidate who is the best possible choice. However, they recognize it is essential to develop a plan and an organized group of dedicated people to make the vision become a reality. This document represents the initial stages of a strategic framework for developing a successful campaign.

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A. WINTER PARK MEETING

In February 1986, Gary Hart, Key staff members and supporters met in Winter Park, Colorado to discuss their views on identifying the most appropriate means to elect Gary as President. Shown below are the names of the persons who participated:

Billy Broadhurst
Rick Brown
Norman Brownstein
Joseph Crowley
Bill Dixon
Ron Dozoretz
John Emerson
Albert Gersten
Marilyn Gersten
Gary Hart
Mark Hogan
Stuart Karl
Micky Miller
Jon Mills
Kitty Keck Moses
Stephen Moses
Mike Novelli
Jack Quinn
Eli Segal
Jeanne Shaheen
Bill Shore
David Stein
Mike Stratton

Before attending the meeting each person was asked to think creatively about the strengths and weaknesses of the 1984 Hart campaign and about a means to achieve victory in 1988. They were also asked to express their views about other issues they wanted to share with Gary and their fellow attendees. These papers developed by members of the group have been included under separate cover as the Appendix to this plan.

The papers provided an organized foundation to conduct the business meeting, reach consensus on issues and understand differences in points of view where they existed. After considerable discussion several areas of common concern and priority were identified, and task force teams were formed to research the issues more completely. Each task force leader was charged with the responsibility of reporting the task force committee's recommendation to the group, and then prepare a written memorandum which collectively would form the framework of a campaign business plan. The task force teams established were:

*	Advisory Board	John Emerson
	Timing & Exploration Committee	Jack Quinn
*	Job Descriptions & Titles	Rick Brown, Micky Miller, Mark Hogan, Mike Stratton
*	Policies & Procedures	Eli Segal, David Stein
*	Budgeting & Fund Raising	Stephen Moses, Kitty Keck Moses, Albert Gersten, Marilynn Gersten
	Communications:	
	- Media	Stuart Karl
	- Internal	Ron Dozoretz
	Manpower Recruitment:	
	- Volunteer & Political	Bill Broadhurst, Jon Mills
*	Relationship of Organizations	Jeanne Shaheen, Joseph Crowley
	Political Strategy (to be determined)	Gary Hart, Bill Shore, Bill Dixon

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is intended to guide, not govern, the actions of campaign supporters. Therefore, it must "frame" the issues rather than describe them in detail. As more finite individual action plans are developed, this plan will serve as the master strategic plan to ensure consistency and a central focus.

This document contains some of the objectives and elements of a strategic business plan; however, it is currently missing a well-defined mission and goals for the campaign. At this point in time the plan "assumes" a mission and a number of goals. It also states several objectives. Within these crucial mission and goal statements lie the means to drive the implementation of the plan. They provide a common purpose to focus the resource energies of the entire organization into a team effort, and provide the shared values to guide that execution. Clearly, each of these elements must be developed further, analyzed to ensure their critical significance and interrelationship, and focused in such a manner that success will be a certainty.

However, the ability to attain the overall objectives of the campaign will turn to a large extent on achieving excellence in areas of "critical significance," and not wasting resources in other areas. The additional dedicated efforts of a few key individuals is needed to identify and reach a consensus on critical areas, and determine how to mold them into action. Gary will need progressive victories in each of the campaigns previously mentioned, followed by the establishment of a superior administration. Two of the critical elements of success are already available: the best candidate, and thousands of dedicated supporters who are willing to work for him.

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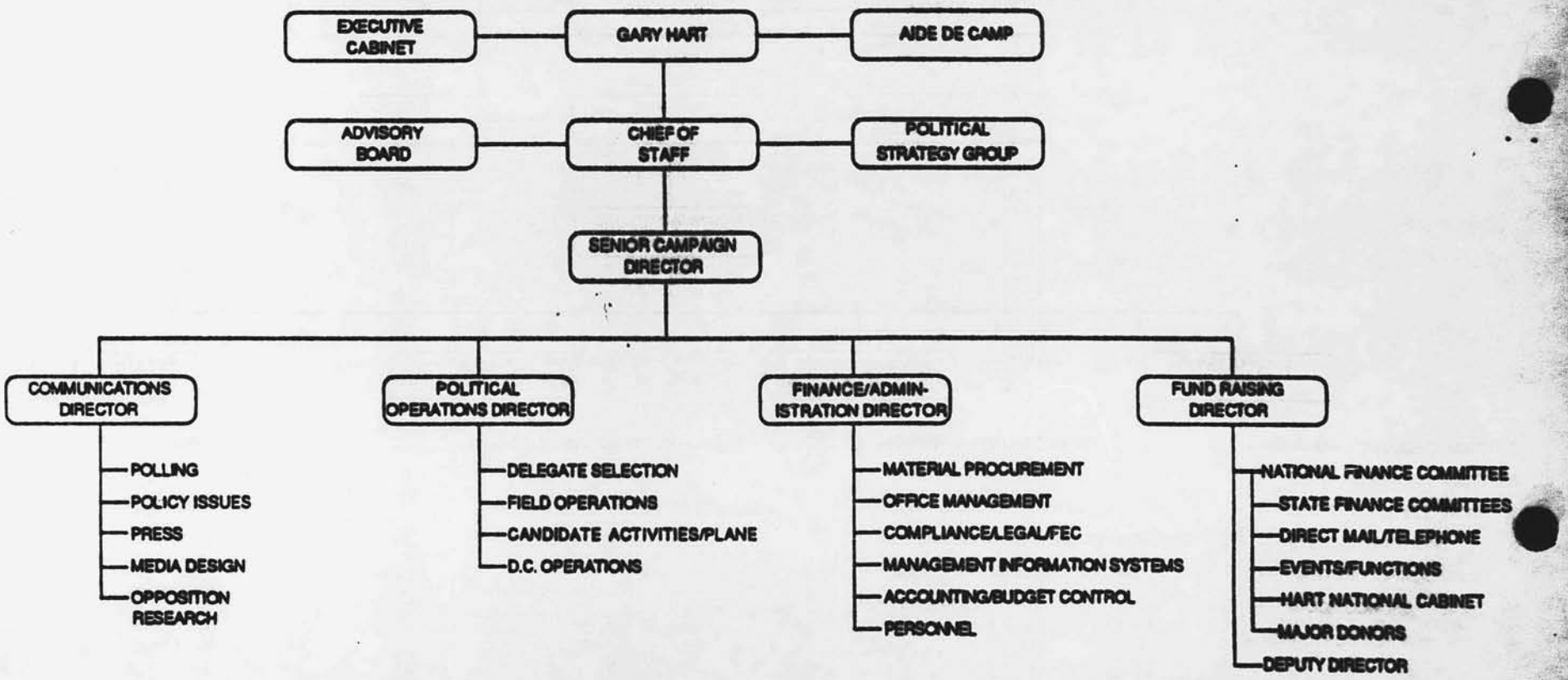
GARY HART PRESIDENTIAL CAMPAIGN STAFF

ORGANIZATION CHART



II. ORGANIZATION AND RESPONSIBILITIES

The primary reason for addressing the organization and responsibility issues first in the plan is to underscore its importance to the overall election effort. The need is to create a management structure that facilitates input and the exchange of ideas, but leaves one person clearly in charge. It is important to adopt a well-defined, orderly, businesslike campaign structure which will function well under stress. The organization also needs to be able to operate in a coordinated manner based on an understanding of the roles of the various players and how they should interrelate to make decisions and then carry them out.

In 1984, there was de facto anarchy at the top. The result was erratic coordination between the ground and the plane, and between the local and state organizations at critical stages of the campaign. Such a situation is unacceptable, and there is no reason for it to be repeated.

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A. PHILOSOPHY

The executive level of the campaign organization should be made up of the following key officials and working groups:

- A Chief of Staff to direct the campaign.
- An aide-de-camp to provide Gary with the ability to optimize time, energy and effectiveness.
- A well-structured Advisory Board to provide input on a range of issues, yet flexible as to the number of people therein.
- An informal Executive Cabinet to work closely and directly with Gary and the Chief of Staff.
- An Executive Working Group to ensure and direct coordination and timely attention to policy issues, political strategy, and operational matters.

- A Senior Campaign Director to direct the day-to-day activities of the organization.

A Chief of Staff should be appointed by Gary to direct the entire organization, and only Gary will have the authority to dismiss this person. Gary will have a close working relationship with the Chief of Staff, and as such will not have a day-to-day association with the campaign staff. The Chief of Staff should be empowered to implement broad strategy, make the tough judgment calls that will inevitably be required, and deal swiftly with organizational infighting. Gary should put that person in charge as soon as possible, and Gary's confidence in the Chief of Staff should be made clear to all involved at the outset. Final decisions by the Chief of Staff should be limited by only two conditions:

- Reversal of a decision by Gary
- Dismissal of the Chief of Staff by Gary.

Final decisions may involve consultation with the Advisory Board but will not require its consent.

The Chief of Staff should be an individual who: relishes making final and firm decisions, understands Gary, possesses exemplary motivational skills, is politically knowledgeable, and is adept at communication. The selection of a Chief of Staff will be one of the most important decisions of the campaign.

B. ELEMENTS

The organization chart illustrates the suggested organization structure for the campaign. It can be characterized as having:

- A sole shareholder (Gary Hart).

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Members of the Advisory Board should plan to devote significant blocks of time to fulfill certain spot tasks as the Chief of Staff and others may request. For instance, a board member may need to devote a period of a few weeks to negotiate and procure computer and telephone systems or to coordinate the move to Denver.

The Advisory Board must be composed of Hart loyalists who may not otherwise be in the campaign structure but whose input is important. To the extent possible, all elements of the campaign - indeed the diverse interest of the country - should be represented on the Advisory Board. At the same time, it should number no more than twenty people. The Board will also provide a means for communication to surface from below.

The Chief of Staff should chair the Board and Gary should be an ex officio member, but it should be understood that the candidate's attendance will be irregular, at best. The four or five national co-chairs (including one co-chair who is D.C. based, and who can help to shape the news and work with the D.C. office of the campaign) will be members. The remaining members must represent the diversity of this country, geographically, economically and ethnically. As some members of the Advisory Board move into full time campaign positions, other people from around the country can take their place on the Advisory Board.

2. Executive Cabinet

This will be an informal group, with no regular schedule of meetings, composed of probably no more than four or five individuals with whom Gary has a relationship of respect, confidence, trust, and personal chemistry.

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Members of the Executive Cabinet may also serve on the Advisory Board or attend Advisory Board meetings. Unless specifically assigned a task by the Chief of Staff, the Executive Cabinet will not have on-line, day-to-day responsibility for operations of the campaign. Its members must be close to and understand Gary as well as anyone. They should bring to the decision making process the perspective of friendship, understanding, and separation from the day-to-day campaign activities. It is critical to understand that this group should not operate independently from the Chief of Staff or have the authority to overrule him. Rather, Gary and the Chief of Staff should be able to rely upon the individuals in the Executive Cabinet, even more than those in the Advisory Board, for perspective and as a sounding board.

The function of the Executive Cabinet will depend in large part upon its membership and upon its relationship with the Chief of Staff and Gary. The group is expected to evolve over time rather than be formally constituted from the outset. It is expected that the Chief of Staff and Gary will come to rely upon these four or five individuals. As the Executive Cabinet members are identified, their methods for communicating with the Chief of Staff and Gary should be structured based on their unique knowledge, insight and relationship to the candidate. While it would be ideal to have the special functions provided by the Executive Cabinet performed in a structured manner by the Advisory Board, as a practical matter the Advisory Board will be too large to serve this function.

3. Executive Working Group

The campaign equivalent to today's "9 o'clockers". Most likely, this group will meet every morning at 9:00

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a.m. and will primarily be composed of the Senior Campaign Director and the division heads: the Communications Director, the Political Operations Director, the Finance and Administration Director, and the Fund Raising Director. This working group should allow for airing of operational issues, integration of activities, and appropriate, timely resolution of problems.

D. CAMPAIGN STAFF RESPONSIBILITIES AND AUTHORITY

1. Senior Campaign Director

The Senior Campaign Director will have overall responsibility for the direction of the day-to-day Presidential Campaign and will report only to the Chief of Staff.

The Senior Campaign Director should adopt in written form policy and specific procedures for all aspects of the campaign while still encouraging creativity. It should be made clear through specific direction that certain campaign restrictions should be followed. These include limitations on authority to speak to the press, spend money, contravene campaign strategy, and engage in unlawful or questionable campaign tactics. Outside of such specific limitations, however, guidelines should be provided by the Senior Campaign Director to allow the fullest creativity and entrepreneurship.

2. Political Strategy Group

The Political Strategy Group will report to the Chief of Staff and be headed by the Senior Campaign Director acting with Gary, the Chief of Staff, the Director of Communications, the Deputy Director of Polling, the Deputy Director for Delegate Selection, and

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the Deputy Director for Policy/Issues. These seven people will meet early and often to establish an overall campaign strategy and budget, to consider interim and long-term scheduling and tactics, and to formulate the message and themes of the campaign. Once the campaign strategy and procedure is adopted, it should be under the direct authority of the Senior Campaign Director and implemented by the four directors reporting to him. All the remaining subdivisions of the political organization (Delegate Selection, Communications, etc.) should act in concert with the overall strategy for the campaign.

From time to time strategy should be reviewed by the Senior Campaign Director. At all times he should encourage the political organization subdivisions to point out weaknesses in the campaign strategy, suggest tactics to achieve the strategy and offer suggestions to implement and strengthen the strategy.

3. Divisions

The organizational framework provides for four principal campaign divisions under the Chief of Staff and Senior Campaign Director. They are:

- Communications
- Political Operations
- Finance and Administration
- Fund Raising.

The functions and responsibilities of each division will be discussed in order.

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a. Communications

The communications staff of the campaign will report to the Communications Director. Both inside and outside communications staff will report to the Communications Director who will have responsibility for formulating and carrying out the message and themes of the campaign. Reporting to the Director will be the:

- Press Secretary

  The Campaign Press Secretary will need to be with Gary at all times in responding to immediate issues, arranging interviews, and the like. Apart from the press operation with Gary, however, there will need to be a campaign press spokesman who can handle inquiries directed to the campaign organization, provide backup for the plane, and build and supervise a national network of press operatives, working with each of the state organizations. In some instances, it will be appropriate for local organizations to have their own campaign press secretaries, but in most instances a team of press operatives will leapfrog from one primary/caucus state to the next as the campaign proceeds.

- Deputy Director of Polling

  While it is likely that one or more outside polling firms will be retained, the campaign should have its own polling function for both financial and strategic reasons.

  The polling operation will necessarily be working with the Political Operations Division as they move from state to state. Its principal role, particularly during the preprimary stage, will be to gauge the response to various manifestations of Gary's message. Accordingly, polling is appropriately considered part of the Communications Division.

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- **Deputy Director of Policy/Issues**

Once the Senate office folds, the development of issues will need to be folded into the organization. Apart from the Center, however, this subdivision provides a tremendous opportunity to tap the resources of bright thinkers across the country. Advisory groups should be established to guide Gary in the development of his positions on a variety of substantive issues. The Deputy Director of Policy/Issues should possess political sensitivity in order to judge the effectiveness of issues development projects.

The issues staff should ensure that issues:

- development is consistent with the campaign message and themes
- are developed in a manner which maximizes their dissemination through the appropriate communications channel
- personnel work closely with the press office and the media coordinator in order to maximize their efficiency.

Reporting to the issues coordinator would be:

- Researchers - positive and negative research
- Speech writers - It is critical that the Principal Speech Writer travel with Gary. Only in this way can he effectively gauge the response to phrases in Gary's speeches, modify the speeches accordingly, and make last minute suggestions or revisions. The Speech Writer needs to develop a hand-in-hand working relationship with Gary. In addition, the Speech Writer needs to have effective back-up on the ground: people who can pull together the research, do basic drafts of speeches that will then be telecopied to the plane for

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revision, and write the speeches that will be used by Lee Hart and various surrogates.

- Special issues development staff

- Deputy Director of Media Design

The deputy will work directly with the outside media consultant to ensure cost effectiveness and message consistency. He will also be responsible for seeking the advice of marketing and media experts and media time buyers who can lend their advice to the campaign at potentially substantial cost savings.

The campaign's media consultant will obviously be an integral part of a "Tuesday Group" and any other strategy governing body that is constituted. Gary's position is such that he should be able to pick the cream of the crop of media consultants. One possibility to consider would be subcontracting out the media on a regional basis, such as hiring a Strother for the Southern Primaries, a Zimmerman, Galanty, Fiman and Dixon for the West and California, and similar consultants for areas where they have demonstrated knowledge and success. Having a centralized communications division would ensure coordination of these diverse experts.

- Opposition Research

Total volunteer staffing to research opposition candidates.

b. Political Operations

- Political Operations Director

The responsibilities of the Political Operations Director will include:

- Delegate selection

- Field operations

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- Candidate activities/the plane
- D. C. operations.

(1) Delegate Selection

The delegate selection function of the campaign should report to the Political Operations Director and be headed by a Deputy Director for Delegate Selection. The Deputy Director will have overall authority for determining delegate selection procedures and formulating delegate selection strategy and tactics. Reporting to the Deputy Director will be the:

- Rules and Procedures Coordinator, who will be in charge of charting the delegate selection procedures in each state and at the national level.
- Delegate Selection Coordinator for primary states
- Delegate Selection Coordinator for caucus states
- Delegate Selection Coordinator for congressional delegates and super delegates
- Delegate Contacts Coordinator, who will be in charge of directing contacts with delegates to previous conventions and with newly elected delegates. The Contacts Coordinator would also be responsible for research and biographical information on all old and new delegates.
- State Delegate Selection Coordinators.

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(2) Field Operations

The Deputy Director for Field Operations in many ways provides the life blood of the campaign. The Deputy will have direct, daily contact with the army of coordinators and volunteers who will form the political and unifying essence of the campaign. It is absolutely essential that the Deputy possess substantial experience in hands-on political operations and grass roots organizations. The Deputy must be wise, patient, understanding, tough, intelligent, street-smart and indefatigable. A likely candidate for the position is the best state coordinator from the 1984 campaign - someone with the taste of victory without the ashes of burnout.

The Deputy Director for Field Operations will report to the Political Operations Director and reporting to the Deputy will be:

- The advance staff, both national and state
- The volunteer coordinator
- The state coordinator and
- The national desk staff.

(3) Candidates Activities/The Plane

Reporting to the Deputy Director of Candidate Activities will be the following positions and areas of responsibility:

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- **Scheduling Coordinator**

The scheduling for the campaign will be broken into two separate categories. The first category involves strategic scheduling which will be determined by the political strategy group for the campaign (i.e., Gary, the Chief of Staff, the Senior Campaign Director, the Communications Director, the Deputy Director of Polling, the Deputy Director for Delegate Selection, and the Deputy Director of Policy/Issues). They will consult with the Deputy Director of Field Operations and field staff. Strategic scheduling will include a determination of: 1) which states to visit, 2) the number of visits to each state, 3) the timing of the visits, 4) the type of events in each state, 5) the persons to "touch" on each visit, 6) the message theme or issue to be emphasized on each visit, and (7) fund raising opportunities.

The second category of scheduling will be daily scheduling, which will be arranged by the Scheduling Coordinator. The daily scheduling will implement the strategic scheduling, and will involve managing the multitude of details necessary to move Gary from place to place. Virtual hourly coordination will be required with the advance and field staffs.

- **The Plane Coordinator**

The activities of the campaign plane will require several managers and staff members:

- Gary's personal aide
- The traveling press secretary and aides
- A speech writer
- A political assistant

- A logistics coordinator (for people, baggage, advance, scheduling changes, ground transportation, etc.) and staff.

- **Surrogate Activities**

  The campaign activities of surrogates will be managed by the Surrogate Coordinator whose responsibilities will include outreach to and development of surrogates, frequent communication with surrogates, surrogate scheduling, surrogate speech writing and message consistency, surrogate fund raising (in coordination with the fund raising staff), and surrogate contacts with potential and elected delegates.

(4) D.C. Operations

Once the campaign begins in Denver, there should remain a Washington, D.C. office coordinator in order to coordinate the recruitment of congressional and constituent delegates, convention activities, and the Washington press operation. This person should have exemplary press skills, and should have the ability to be independent but not detached (i.e., not a "free agent"). The person running this office should be patched in telephonically to the daily meetings of the executive working group.

c. Finance and Administration

The second major organizational category reporting to the Senior Campaign Director will be the Finance and Administration Division of the campaign. This category includes:

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- Office Management
- Compliance/Legal/FEC
- Accounting/Budgeting
- Material Procurement
- Management Information Systems
- Personnel.

Most of the categories are self-explanatory. The Administrative staff will largely perform functions which are not unique to political campaigns – functions which are necessary for any successful business.

A brief explanation of the term Management Information Systems is important. In essence, the term means the procurement and use of the optimum communications and computer hardware and software for the campaign. Also, this function is responsible for the implementation and smooth operation of databases and reporting systems.

The term Personnel refers to the hiring, firing and administrative processes and functions related to the employment of staff for the campaign. All personnel policy administration, problems and paperwork will flow through this personnel function. Personnel hiring and dismissal decisions, and volunteer coordination, for other divisions of the campaign, will be handled directly by those divisions.

Accounting/Budget Control, Office Management, Legal/Compliance/FEC and Materials Procurement should be under the direction of the Finance and

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Administration Division of the campaign since they are functions similar to those conducted by any business, and logically should be under the direction of the "business" side of the campaign.

d. Fund Raising

The fund raising aspects of the campaign will be managed by the Fund Raising Director. This individual will have far-reaching authority over the fund raising efforts of the campaign. He will be responsible for two principal areas of activity: 1) the development, maintenance, management, and expansion of the National Finance Committee, and 2) direct mail, fund raising events, Hart National Cabinet, etc.

The National Finance Committee and its State Chairs should be rapidly developed. It will be important to quickly establish the liaison between the National Committee and the Hart staff Fund Raising Director. The following points outline the functions and overall responsibilities for the National Finance Committee.

- The National Finance Committee Chairman will be the Fund Raising Director of the campaign.

  The Fund Raising Director should be exclusively in charge of the care, maintenance and expansion of the National Finance Committee. He should not be directly involved in fund raising efforts or actually raising money. This person should be a direct and constant link between the campaign and those it depends upon to raise resources.

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- The Finance Committee should have a National Finance Executive Committee whose function will be to stay in personal contact with assigned National Finance Committee members, State Committee Chairmen, and other key fund raisers, for constant updating on financial progress.

- The National Finance Committee should start with a nucleus committee and constantly be expanded. The Chairman of each State Finance Committee should be included in the National Finance Committee.

- A realistic national budget with regard to fund raising income and cost to raise it, in complete detail should be prepared. Alternate budgets should also be prepared depending on amounts of money raised. All budgets should include revenue as well as expenditures and should be balanced.

- A fund raising goal/calendar should be established to ensure that the budget is achieved. This could permit financial goals for a National and State by State effort to be established and implemented through a coordinated long term fund raising effort. The calendar should be tied into Gary's calendar and implemented with Management Committee "surrogates".

- A "key people" committee should be established by the National Finance Committee. "Key People" would be those who can host affairs, make key contacts throughout the country for fund raising purposes, and assist in fund raising efforts for the campaign.

- Large fund raising events and small fund raising events formats should be established for utilization throughout the country with a detailed check list of the logistics and necessary preparation.

  The Finance Committee should have a format for $500 to $1,000 donors; a format for $100 to $500 donors; and a format for donors of $100 or less. These

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formats would be used to create and expand the contribution base in all states and help achieve not only greater contribution levels but larger numbers of contributors.

The formats would utilize printing and other collateral materials mass produced by the National Finance Committee. Printing and layouts could be produced at substantial savings and underwritten by the National Finance Committee.

- Hart Small Funders would be events such as family picnics, garage sales, running races, walk-a-thons, etc. They could be developed and replicated throughout the country. Local Hart supporters could select these events from the established list and elect a certain number per year.

  The printing and collateral materials would be mass produced and furnished by the National Committee.

  If enough small funders were held, thousands of supporters would be added, creating a constant flow of money and increasing the Hart support group as well.

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E. POLICIES AND PROCEDURES

Policy and procedure manuals are needed for each major division as well as some of the specific campaign functions. It is imperative that responsibility be assigned as soon as possible as to who will prepare them and when.

III. COMMUNICATIONS

A. MEDIA AND EXTERNAL CONSIDERATIONS

The campaign must develop, communicate, and support Gary in communicating a message with impact. Following to some degree the model employed by Reagan in 1980 and 1984, the Communications Division should include an advisory group of specialists who meet on a regular basis. The Division should include the media, speech writing, polling, press operations and issue development functions. The two most important tasks of this division will be: 1) to assist Gary in developing an accessible and compelling message, and 2) to ensure coordination of all communication aspects of the campaign (principally, Gary, the press, and the paid media).

A working "Press Guidebook" has been assembled to assist campaign directors and staff in communicating with the press. It includes guidelines for press activities as well as actual sample responses to press questions. The guidebook is included under separate cover.

1. Objectives

To consistently communicate a message/vision/image that will cause people to vote for Gary Hart in the primaries and caucuses, and in the General Election by maximizing the use of quality free media to the extent that it is directed to likely voters; and by maximizing the effectiveness (both production and placement) of the paid media.

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2. Strategy/Approach

- Maximize the effective use of free media to communicate our message to likely voters.
- Use our paid media to augment the free media message and to characterize our opponents.

Note: We assume that in presidential politics voters are far more significantly impacted by free media than paid. We should confirm or modify our hunches in this area by researching and developing a plan on the balance, interplay, and effectiveness of free and paid media. We need to find out what works to influence people – cable versus network versus radio, for example – and prepare a written report documenting our findings and pointing out their implications.

3. Resources

- Free Media Components
  - Candidate
  - Candidate spouse/family
  - Traveling surrogates and campaign spokespersons (D.C. and Denver based)
  - Communications Director
  - Outside advisory group
  - Press operations:
    - Press with Gary; press secretary, to evolve into 5 to 6 press advances.
    - Press support at campaign (2 or 3)
    - Non-Denver or Gary based press staff: Iowa, New Hampshire, regional, half dozen state press coordinators through primaries, convention press, three dozen state press coordinators for general.

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- **Four Components of Paid Media:**
  - **Issues**
  - **Image**
  - **Production: outside media consultant.**
  - **Placement: outside media buyer.**

4. Issues

- **Free media/paid media: Interplay between them. Role/balance of each.**
- **Which media outlets (both print and electronic) we should be seeking to place which component of our message in order to effectively reach the likely voters in the demographic/geographic target sectors of the population for the primaries and the general.**
- **Production of paid media: use a top quality traditional political firm, a Madison Avenue approach, or a Tuesday Group format. Production of spots on a national or regional basis.**
- **Placement of paid media: viewing habits of the likely voters in the demographic/geographic segments we are targeting, and how to best reach them; use of one national or several regional media buyers.**
- **Fund raising potential: consider whether to add a fund raising component to our paid media.**

5. Tasks/Timetable

- **The plan should be developed during the next several months for gradual implementation, and should fully be in place by December 1, 1986.**
- **Develop a free media placement plan that identifies the publications and electronic shows into which we should be placing specified components of Gary's message (e.g., a biographical piece in Parade Magazine**

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because that reaches a high level of likely independent voters; a piece in Jet Magazine because that reaches likely black voters; etc.).

- Develop a message response group that can meet to form responses to rapidly changing events/ opponent charges, etc. (e.g., after Hart won New Hampshire, several of Mondale's closest allies pulled together and came up with "Fighting Fritz" and "Where's the Beef?").

- Get report from Karl Group on where it is headed by August 8, 1986. Decide on August 15 whether Karl Group deals with free media, paid media, or what its best role can be.

- Hold preliminary meeting to outline communication plan by no later than October 1, 1986. Participants to be determined.

6. Recommendation

Approve participants and set up first meetings, one print and one electronic, by September 10, 1986.

B. INTERNAL COMMUNICATIONS

It is clear that the modern presidential campaign includes two equally important campaigns: 1) the "ground" campaign, with the field operatives and candidate support where resource allocation and basic strategical decisions are made, and 2) the campaign in the plane with Gary and the press, where many tactical decisions must be made, and where the message is substantially conveyed.

The plane becomes a minicampaign, in and of itself, incorporating many aspects of the ground campaign. The communications division will be mirrored on the plane, and key finance and organization division operatives will also travel. The Plane Coordinator is the Senior Campaign Director's right arm. He runs this campaign, and is a direct conduit to Gary. He also should

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IV. POLITICAL OPERATIONS

At this time this section is incomplete and will be expanded to cover all four campaign's previously mentioned. Additional subjects such as volunteers, get out the vote, and others will need to be addressed.

A. FRAMEWORK FOR THE 1986 ELECTIONS

Gary Hart is in a unique position with regard to campaigning for Democratic candidates this fall. Gary has the national standing and recognition necessary to give a Congressional or Gubernatorial candidate the kind of public shot in the arm that few others can match - and, since he is not seeking reelection to the Senate, he will be able to spend virtually full time after the Senate recess helping Democratic candidates across the country. Our problem will not be soliciting requests for assistance, but rather how to select from among the many requests we have already received.

Following the Denver meeting, the Washington staff, through Bill Shore, Doug Wilson, Greg Lebel and Chris Phillips, will be incorporating recommendations for the political use of Gary's time and staff time into a schedule of activities for the rest of this summer and fall. The initial fall framework reflects the suggestions made in the "state of the state" memorandums, as well as the ongoing reviews of Congressional and state races by regional and national political analysts and the comments and suggestions from Hart state contacts and state party officials.

The major criteria for use of Gary's campaign time this fall:

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- Enabling Gary to serve the party as one of its most valuable national assets this fall.

- Identifying selected races where a Hart appearance could make an electoral difference - particularly with regard to regaining Democratic control of the Senate.

- Identifying key races where both Gary and the candidate may visibly benefit from Hart leadership themes ("best of the new" and "substance, conviction, independence") and issue themes (economic (Gramm-Rudman), trade, defense/military reform, and foreign policy).

- Identifying a few key races in those parts of the country (particularly in the South) where Hart might not, on the surface, be perceived to be an asset - and, by our focused choice of candidate and issue/theme, prove otherwise, demonstrating to all that Gary can do well nationally.

Using this framework, requests and recommendations will be divided into two categories:

- "A" lists - top priority candidates and events.

- "B" lists - medium priority candidates and events which are worth attention and help by the Hart campaign and will be considered for Gary's schedule.

Clearly, Gary will be unable to respond positively to all, or even a majority, of the requests for campaign time. Lee Hart should also be considered for campaign events - and the Volunteer Committee will be devoting all of its resources to helping candidates with campaign volunteers and issue material. In the process, TVC will need your help in identifying and working with the "cream of the crop" of campaign staff across the county for future contact.

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B. DELEGATE SELECTION

1. Objective

To ensure that Gary has 50% + 1 delegates committed as early as possible in the primary/caucus process.

2. Strategy/Approach

- Accumulate database of <u>useful</u> research information on the following types of delegates:
  - Automatic delegates
  - Committed Hart delegates
  - Probable delegates.
- Develop legal analysis of each state's delegate selection process, including time lines for filing slates, etc. This information should be readily accessible and <u>constantly</u> updated.
- Have Hart preferred (and balanced, per DNC affirmative action requirements) slates prepared for each of 50 states well in advance of filing deadlines.
- Develop effective program for recruiting and maintaining automatic delegate support, broken down as House, Senate, Governors, and DNC (which includes state chairs).
- Develop system for maintaining contact and communications with automatic and probable delegates.
- Develop several contingency plans for how (and where) we intend to obtain Hart delegates depending upon how the primaries break.
- Track developments in DNC regarding site selection, delegate selection rules, credentialing, etc.
- Have D.C spokesperson to interpret.

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- Budget money on time line for delegate petitions, filing fees, etc.

3. Resources

- Legal and volunteer lawyers' committees
- State coordinators
- Committed/automatic delegates
- Full time delegate coordinator, with staff to digest and accumulate information
- Spokesman in D.C.
- Technological capabilities for digesting information, communicating with likely/ automatic/elected delegates, etc.

4. Issues

- Delegate Profile

  Information we want regarding each delegate and means to catalogue information so it is both accessible and useful (e.g., on computer).

- Automatic Delegates

  Plan for contacting/recruiting/maintaining communication with the automatic delegates

- Legal

  The laws in each state and our plan for insuring early compliance (and the filing of full, complete slates) in all 50 states.

- DNC

  Our plan for closely monitoring the DNC delegate/convention developments, and impact, if any, we want to exert over those decisions as they are made.

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5. Tasks/Timetable

- July 1986

  - Instruct state coordinators to provide us with list of automatic delegates (DNC, Governor, Congress, State Party Officers) from their states by September 1, 1986

  - Instruct state coordinators to provide us with list of probable delegates (1976, 1980 and 1984 repeaters, union and organization heads, etc.) from their states by September 1, 1986.

  Design a format for the state coordinators to follow when getting the above information. Legal should be consulted on this. At a minimum we suggest that the format include the following:

  - Name
  - Home and business addresses and phone numbers
  - Birthday, if available, for birthday cards from Gary
  - Sex/race
  - Affiliations
  - Past Presidential nominee support
  - Issues that are important to that delegate
  - Individuals or organizations who are known to influence that delegate
  - Best bet on 1988 tendency.

- Automatic Delegates: Meeting to outline plan for purchasing automatic delegates by no later than September 15, 1986. Participants to be determined.

- Identify likely Denver based delegate director by September 15, 1986 (management group).

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- Plan for automatic/probable delegate recruitment in place and operational by November 1, 1986 (Delegate Selection Director).

- Legal analysis of 50 states and DNC rules fully compiled by December 1, 1986 (Legal).

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V. FINANCE AND ADMINISTRATION

A. FINANCE AND COMPLIANCE

1. Objectives

To develop a realistic budget with prioritized expenditures, and a system of daily reporting and accountability so that management has tight control over the campaign and can make informed decisions; to develop a compliance system that maximizes the speed with which matching funds are received (and the amount of those funds), minimizes problems with the F.E.C., and dovetails with our fund raising, direct mail/telephone solicitation operation.

2. Strategy/Approach

- Appoint a Finance and Administrative Director (Controller) with an ability to compile financial information and communicate it into a useful format for those of us who do not own digital watches. Note: unlike 1984 the Controller should not be making spending priority decisions; rather, he/she should keep management team fully informed so that it can make those decisions.

- Prepare a detailed budget on a time line.

- Develop the back up and reporting systems required to enable the controller to do his job effectively, including a system of accountability that can be imposed on the state operations.

- Develop an approval/check cutting system that both ensures management control over expenditures and reflects the reality of a campaign where expenditures often need to be made on a short time fuse.

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- Assign responsibility for developing and implementing a compliance system.

3. Resources

- Finance and Administration Director plus staff (heavy reliance on volunteers for input of data)
- Mike Moore and his staff
- Mondale campaign type reporting system which is simple and useful
- Technology.

4. Issues

- Identify the realistic needs of the campaign so that we can develop the systems itemized above
- Use of outside contractor or inside system for compliance
- Integration of business services aspect of campaign
- Preparation of budget.

5. Tasks/Time line

- Obtain copies of the Mondale budget/reporting system
- Preliminary Budget to be prepared by August 1, 1986
- Budget/Systems Task Force to meet by September 1, 1986
- Over all budget reporting; compliance plan to be finalized by October 1, 1986.

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B. ADMINISTRATION

1. Objective

To run the administrative component of this campaign effectively, efficiently and invisibly; to handle check authorization and writing, data processing, personnel, clerical, reproduction and similar functions in a way that smoothly and fully supports the campaign without becoming a distraction to our chief goals.

2. Strategy/Approach

- Install a personnel system with goals, job descriptions and lines of authority like the Mondale campaign model.
- Technology Task Force to develop a computer/data processing/telecommunications/word processing system that will quickly provide current and useful information.
- The business services aspect of the campaign (see Interrelationships section) will be critical to this.

3. Resources

- Super Administrator/Tech Coordinator
- Clerical staff (heavy reliance on volunteers)
- Business services component
- Technology.

4. Issues

- The technological needs of a national Presidential campaign
- Available technology for the lowest possible cost (in-kind contribution possibilities)

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- Technology adaptability to meet the needs of a national Presidential campaign

- Salary/benefit (e.g., health insurance) structure that can attract the best people at the very lowest cost.

- Integration of business services aspect into the campaign operations.

5. Tasks/Time Line

- Wagner report to be final by August 15, 1986

- Management team to put together Denver based task force. Preliminary meeting with management team by September 1, 1986

- Plan for relocation to Denver office to be operational by October 1, 1986

- Overall administrative plan to be finalized by October 1, 1986.

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VI. FUND RAISING

This section discusses the Budgeting process and level of expenditures required to support the campaign. In addition, it presents pro forma estimates of the funds that can be raised from various fund raising events. Finally, the timetable to secure the necessary funds and nonmajor fund raising events are discussed.

A. BUDGETING PROCESS

The goal of the budget process of the Hart Campaign is to best allocate the resources available to the myriad of tasks comprising the campaign.

The budget should implement strategy. Therefore, strategic decisions about areas such as straw polls and interest groups should be made before the final budget is adopted. The budget must be flexible to accommodate political strategic decisions, such as the relative emphasis on preprimary preemption. These political fundamental decisions will shift as the sands of the campaign terrain shift beneath them. The budget must be capable of periodic, rapid accommodation to the fiscal implications of such shifts.

Initially, each of the functional groups in the organization must submit budgets based on the desired programs on a month-by-month basis. They will then be compiled, reviewed, compared by the budgeting function with the cash flow projections for fund raising, and modified to accommodate the reality of the situation.

Approximately $4,000,000, excluding fund raising costs, will be spent in 1987, possibly $XX in the first half of 1988, with more than $XX in the 90 days of "Campaign 88". The very

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large dollar amount, and the time constraints, dictate the need for tight controls, constant and rapid reporting, expenditure amendments, and adjustments.

Budgets are useless unless they are understood by the organization at all levels and are properly controlled. Policies must be evolved to give authorization for commitments of funds and the methodology of achieving payments. These must be explicit, widely disseminated and adhered to rigidly.

From the convention forward, there is no cash pressure. The federal funding "pot" supplies enough so that there is time to raise Gary Hart's matching share. Prior to that, all that can be spent is that which has already been raised or can be borrowed. Borrowing should be avoided and used solely as a last resort. Therefore, the budget should be intermeshed with the fund raising plan in such a way that assures the provision of funds before the expenditure of funds.

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B. OVERALL FUND RAISING REQUIREMENTS

1. Objective

The objective is to raise the maximum legal amount of money with sufficient efficiency to enable us to spend the maximum legal amount on political operations.

2. Assumptions

We must raise $25 million to earn $8 million in matching funds, for a total of $33 million. The $33 million will be allocated as follows:

	Millions of Dollars
• Campaign Operations (legal limit)	$25.0
• Cost of Raising Money	5.0
• Cost of Compliance	3.0
	$33.0
• 1987 Goals:	
- Raised	$15.0
- Spend on Operations	4.0
- Spend on Fund Raising	3.5
- Cash on Hand (1/1/88)	7.5
- Matching Funds Paid (1/1/88)	5.0
- 1/1/88 Total Cash on Hand	$12.5
• 1988 Goals (preconvention)	
- Cash on Hand 1/1/88	$12.5
- Operations Expenditures Through 3/15/88	4.5
- Media Buy Through 3/15/88	8.0
- Raised Each Month Through 5/88	2.0
- Matching Funds Received Each Month Through 5/88	.6
- Expended on Fund Raising For Each Month Through 5/88	.3
- Available for Operations Each Month (including post Mega-Tuesday Week Buys Through 5/88)	$ 2.3

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3. Strategy/Approach

Funds will be raised by the following means:

- Direct Mail
- Telephone Solicitation
- Individual Large Collectors
- Major and Minor Events with Gary
- Grass Roots
- Special Events (concerts, movie premiers, art auctions, etc.).

4. Resources

- Staff:

  1 Overall Fund Raising Director

  1 Director of Mail/Telephone Operation, to coordination outside contracts

  7 Staff Fund Raisers plus 2 headquarters clerical to coordinate big collectors and Gary Hart events; possibly based in Florida, Texas, New York, Colorado, Chicago, California, D.C., or Desk Regional in Denver.

  1 Grass Roots Coordinator

5. 1987 Budget

• Mail and Telephone	$2.5 million spent to raise $5 million
• Collectors/Events (Gary)	$0.6 million spent to raise $6.8 million

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• Grass Roots	$0.2 million spent (apart from political operations portion of budget on brochures, video, etc.) to raise $2 million
• Special events	$0.2 million spent to raise $1.2 million
• 1987 Total	$3.5 million spent to raise $15 million

6. Issues to be Resolved

- Assignment of responsibilities
- A system of accountability must be developed so that, starting immediately, daily monitoring of income/expenditures is available in order to track (and respond to) variances. (Note: The 1987 pace requires $56,000 raised each business day with 11 professional and 3 clerical.)
- Action plan to raise the money needed within the budget constraints set forth above. Review of figures to see if they are realistic.
- Steps needed to bring the 1984 debt below $.5 million by December 1, 1986.
- Steps needed to ensure the prompt collection of $3 to $5 million during January of 1987 from our 1984, 1985 and 1986 major donors.
- Steps needed to ensure a match qualification on January 2, 1987 for each of our 50 states (dovetails with previous item).

7. Tasks/Timetable

Finance meeting in Washington, D.C. to be scheduled before the end of September.

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a. Objective

The objective is to outline an action plan for accomplishing the above for instantly installing a system of accountability for 1986 as well as 1987 fund raising.

b. Recommendation

At this meeting, a chairman type role of coordinating all of the above should be appointed so that we have a detailed action plan by September 1, 1986.

c. Fund Raising Control

Like it or not, in 1987 the "success" of our campaign will, in large part, be judged by the press and insiders on the basis of our fund raising success. If we are viewed as faltering in fund raising we will, at a minimum, be bombarded with stories of how the Hart campaign is poorly organized and run, and cannot pull it together. This will impact negatively on the perception of Gary's leadership abilities and tend to pull the campaign off track. This negative must be avoided at all costs and progress must be tracked daily. A daily tracking system, as simple as possible, should be developed and submitted by August 15 for review and approval, and implemented immediately thereafter.

C. MAJOR AND MINOR EVENTS

Data suggests that only 25% of the 1984 funds were derived from events. However, for purposes of these estimates 75% of the 1988 campaign funds will come from major and minor events. This

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will include many smaller $10,000 to $25,000 stacked events to reach our goals. An example of stacked events might include four cocktail receptions which can be arranged on the same day at locations within a 20 to 45 minute drive, at staggered times.

4:30 - 6:30	Cocktails	Hart arrives 5:00 departs 5:45
5:30 - 7:30	Cocktails	Hart arrives 6:15 departs 7:00
7:00 - 9:00	Cocktails	Hart arrives 7:30 departs 8:15
8:00 - 10:00	Event	Hart arrives 9:00 departs 10:00

75% of the total $25,000,000 fund raising budget or $18,750,000 will need to be raised from fund raising events.

$1,102,941	per month
$ 253,378	per week
$ 36,267	per day

While the ideal fund raising schedule for a month might consist of:

		Funds Per Event	Total
12 events	2 hotel events	$200,000	$400,000
	4 house parties	$ 65,000	260,000
	6 house parties	$ 50,000	300,000
			$960,000

A more typical month will probably include:

		Funds Per Event	Total
25 events	1 hotel event	$200,000	$200,000
	2 hotel events	$100,000	200,000
	2 house parties	$ 65,000	130,000
	4 house parties	$ 50,000	200,000
	4 house parties	$ 25,000	100,000
	12 events	$ 10,000	120,000
			$950,000

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Losing one major event at $200,000 per month will dramatically increase the number of events necessary to reach our goals.

D. STATE FUND RAISING GOALS

By mid-1986, state by state goals and strategies must be developed. For the early months of 1987 it makes sense to concentrate on states with strong illustrated support, trying later, to get support from the weaker states. Thus, the bulk of the first 12 months must come from a few key states:

	Fund Raising Requirement
California	$ 3,000,000
Colorado	1,000,000
Texas	1,500,000
Illinois	1,000,000
Pennsylvania	1,000,000
Florida	1,500,000
Maryland	500,000
Massachusetts	500,000
Connecticut	500,000
Washington DC	500,000
	11,000,000
Other states	14,000,000
	$25,000,000

New York, which was strong in 1984, must be discounted because of the possibility of a Cuomo candidacy. However, in 1986, while Cuomo is ducking the Presidential label, contributors may be more freely pursued.

Strategies employed in each state will vary depending on demographics, size, number of key cities and regional habits. The funds, however, will be raised from the following sources:

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- **Hotel events**

  Dinners and receptions for 250-1,000 people should net $100,000-$300,000, depending on the geographical location and organizational ability.

- **House parties**

  Events in private homes will net between $10,000 and $65,000, once again depending on geographical area and organizational effort.

- **Organizational events**

  Media events, rallies and grass roots fund raisers are primarily designed to generate press coverage, support for Gary and raise the morale of the troops. These events are not generally considered as fund raisers.

- **Concerts**

  The Hart campaign should capitalize on its access to the entertainment industry, and attempt to produce a concert on each coast with the goal of raising $500,000 at each event.

- **The Executive Cabinet**

  Expected revenues are not available

- **Miscellaneous**

  This category of major events includes telethons, walk-a-thons, bicycle trips, large rafting or canoe trips on casual rivers, and other unusual events not yet specified.

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E. TIMING OF FUND RAISING ACTIVITIES

Four strategic considerations demand maximum front loading of fund raising, despite the fact that it will be easier to raise money during the heat of the campaign. Consequently, we recommend attempting to raise $5,000,000, excluding matching funds, during the first quarter of 1987 with a total of $15,150,000, including matching funds, for 1987 from all fund raising sources. The reasons for this front loading demand are:

- **Political/Press**

  The Press will constantly evaluate the early Hart campaign on its ability to raise money. This is the only tangible evidence of organization they have to evaluate at this early stage. If we are capable of raising $5,000,000 within the first Federal filing period of 1987, the effect will only further our ability to raise money by turning press doubts into accolades for the Hart organizations ability to raise money.

- **Financial**

  Early monies placed in CDs obviously serve as substantial fund raisers themselves.

- **"New Face" Buffer**

  Money in the bank will not only preempt some pretenders, it will serve as a buffer against temporary derailment by a new face. Should the campaign be upstaged at any point, money will slow at least temporarily. This buffer established from the beginning will allow us to prevail.

- **Time**

  There is more time available for fund raising at this point than there will be later.

Major events around the country should be scheduled by fall 1986 for January, February and March 1987. These fund raisers should be primarily designed to tap previous Hart donors early, while continuing to broaden the base. While most of 1986 fund raising and recruiting will be targeted toward the deficit and 1986 operations cost, attention to these early 1987 events is critical. The Hart schedule for the last half of 1986 should target trips to 40 key cities at least once, but more likely twice to recruit additional key people and touch base with former supporters.

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Sample Projected Fund Raisers for January 1987

Tuesday	Jan 13	Dinner	Los Angeles	300,000
Wednesday	Jan 14	Dinner	Las Vegas	100,000
Thursday	Jan 15	Dinner	San Francisco	150,000
Friday	Jan 16	Dinner	Seattle	200,000
Saturday	Jan 17	Brunch	Sacramento	50,000
Saturday	Jan 17	Dinner	San Diego	50,000
Sunday	Jan 18	Dinner	Denver	250,000
Tuesday	Jan 20	Dinner	Chicago	
Wednesday	Jan 21	Dinner	Des Moines	
Thursday	Jan 22	Dinner	Boston	
Friday	Jan 23	Dinner	Manchester	
Saturday	Jan 24	Dinner	Atlanta	
Tuesday	Jan 27	Dinner	Miami	

January 28 to February 9 are devoted to presale events for March fund raisers.

Tuesday	Feb 10	Dinner	Dallas
Wednesday	Feb 11	Dinner	Houston

et cetera. . .

A prerequisite of these early fund raisers should be that the key sponsors absorb all related costs until the money for their event is in. This avoids taxing the campaign which has yet to raise Hart for President money. Key Hosts/Sponsors and event coordinators should be determined at least 5 months in advance. In some instances, it will be possible to use capable, full time volunteers, in others, paid event coordinators will be required.

Time demands of other critical campaign components will severely restrict the available time for fund raising as the campaign progresses. Assuming an average campaign day of 15 hours, allowing 9 hours for personal time, an average of 20% or 3 hours per day, 7 days a week, will be available for fund raising. On a more cautious note, losing one day a week to unforeseen circumstances, leaves only 18 hours a week for event fund raising.

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The front loading proposal would allow a fund raising timeline as follows:

January - March	April - August	September - November
50% fund raising	20% fund raising	30% fund raising
50% all other	80% all other	70% all other
$5,000,000 raised	$3,000,000 raised	$2,000,000 raised
$2,500,000 matched	$1,500,000 matched	$1,000,000 matched

December - May

20% fund raising
80% all other
$10,000,000 raised
$ 5,000,000 matched

During the last five months nearly $10,000,000 plus $5,000,000 matching funds must be raised, or:

$2,000,000	per month
465,120	per week
60,445	per day for a 7 day week
77,520	per day for a 6 day week

F. CONTROL AND RESTRICTIONS

One of the most difficult organizational tasks, of the campaign will be to establish and implement tight fiscal controls, and implement rapid and accurate reporting procedures without stifling the creativity that will emerge from a decentralized operation. Both are vital to the success of this undertaking.

The $1,000 maximum donation restriction makes it difficult to develop a program to cultivate major donors. In depth attention should be given to this problem.

The central staff should design a prototype of each event and supply it to each local fund raising event coordinator. The central staff should identify and lock in place key volunteers or

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paid event coordinators in each state, city and region, who will be supplied with the master plan. The following guidelines should be applied:

- Major Events

  In fund raising terminology, "Major Events" generally refers to dinners at hotels which can accommodate 500 to 1,000 people in one seating, and, concerts, or sporting events held in large public facilities. By definition, a major event requires the technical ability to successfully coordinate a flow of schedules, deadlines and bodies over a period of two to three months for a dinner, or six months or more for a concert. For purposes of this discussion a "house party" with a net to the campaign of $50,000 is considered as a major event.

- Cocktail Reception

  A cocktail reception in a private home which will reach the minimum net to the campaign and will involve Gary spending no more than one hour is a very useful fund raising tool. In major metropolitan areas it is possible to do "stacked" events at staggered times, aimed at specifically targeted universes. This type of event is relatively uncomplicated to produce, and can easily be administered by volunteers with a limited amount of supervision from the campaign staff.

- Seated Dinner

  On the other hand, a seated dinner in a private home which requires extensive rentals and catering is generally not cost effective. This type of event may generate the required amount of revenue, but the ratio of production cost to dollar received is so high as to discourage frequent application of this formula. This event is most effective when used sparingly, and/or where extraordinary costs may be kept to a minimum.

- Major Dinners

  A major dinner, in a hotel, for a universe ranging from 500 to 1,000, is traditionally prepared over a three month period and consists of four categorical time blocks:

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MAJOR DINNER TIMELINE - THREE MONTH SCENARIO

1ST WEEK	Set date and secure location Determine universe Get budget approved Target sponsors
2ND WEEK	Create sponsor letter Get approval of sponsor letter text Generate and drop sponsor letter
3RD WEEK	Preliminary meetings with hotel, florist et al First meeting with graphic artist Print outside envelope Gather and collate lists from participants Begin sponsor letter calls
4TH WEEK	Complete sponsor letter calls Complete designing and get approval to print Go to print Begin addressing outside envelopes
5TH WEEK	Pick up final print run and stuff invitations Final check on invitation alphalist Bulk invitations to sponsors Second meeting with hotel Drop invitations
6TH WEEK	Prepare lists for invitation calling Clean lists as bad addresses come in
7TH WEEK	Begin calling sponsors re: table commitments Continue cleaning lists
8TH WEEK	Begin calling on invitations using temps Continue cleaning lists Keep in touch with sponsors
9TH WEEK	Continue calling with temps Continue to clean lists
10TH WEEK	Continue calling Continue to clean lists Design program and get approval
11TH WEEK	Start confirmation calls Print program Create preliminary floor plan Preliminary arrangement of head table

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MAJOR DINNER TIMELINE - TWO MONTH SCENARIO

1ST WEEK	Budget is approved Set date and secure location Target sponsors Print outside envelopes
2ND WEEK	Begin addressing outside envelopes Preliminary meetings with hotel Meet with graphic artist Complete design and get approval to print Gather and collate lists from participants Go to print with invitation
3RD WEEK	Complete sponsor calls Pick up final print run, stuff Final check on invitation alphalist Drop invitation
4TH WEEK	Bulk invitations to sponsors Second meeting with hotel Prepare lists for calling
5TH WEEK	Begin calling on invitations using temps Clean lists as bad addresses come in Keep in touch with sponsors
6TH WEEK	Continue calling Continue to clean lists Design program and get approval
7TH WEEK	Start confirmation calls Print program Create preliminary floor plan Preliminary arrangement of head table
8TH WEEK	Final arrangements with vendors Head count to hotel Final seating, table charts and table sheets Dinner tickets **EVENT**

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G. NONMAJOR EVENTS

Key campaign components, other than fund raising, will demand much of Gary's time. Press in several media markets each day, grass roots events to mobilize supporters, travel, recruitment of key people, preparation, and personal time will all compete for the campaign's most valuable asset, Gary's time.

Press events and grass roots events do not preclude fund raising. Attention should be devoted to ensuring that every possible gathering of people becomes a small fund raiser. We should attempt not only to gather names of workers at every rally, but raise money as well. Passing "help Hart Hats" at rallies, selling pins, buttons, posters, bumper stickers, T-shirts, etc., will substantially increase our "take" at these events, but must be tightly organized.

Important revenues might be derived from the production of a Jim Dine "Hart Heart" poster, produced at $X and sold for $X plus 200% (Jim Dine is a contemporary artist widely known for a series of "heart" lithographs.) The campaign might also do seriagraphs or lithographs for major donors at a much higher price, if it is legal. Art for Hart.

Special limited edition pins of quality might bring similar markups. These should be at least five or six different limited editions of 200,000. "Americans Take Hart", "The Hart of America", etc.

Autographed Hart first editions can be auctioned or used as door prizes. Coffee mugs may be reaching a bit, but with advanced preparation the merchandising of Hart "instant" memorabilia could generate $3 to $4 million. While these efforts will require very tight distribution and accounting

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systems, they will pay off. It may be wise to have a donor front the initial costs to be reimbursed from the sales on a monthly schedule.

Celebrities offer a huge potential draw, but are difficult to schedule. It would be advisable to make readily available the master travel schedule for Lee Hart, the Hart children and the Hart surrogates to facilitate using celebrities with them to increase the overall appeal of their events.

Direct mail offers the interesting prospect of dramatically increasing our percentage of matching funds. It is possible that the high costs involved in initiating a direct mail program could be offset by the fact that almost all contributions generated will be well below the $250 maximum matching limit.

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VII. INTERRELATIONSHIPS

A. BETWEEN NATIONAL, STATE, AND LOCAL ORGANIZATIONS

A major problem in establishing the relationship between the state organizations and the national campaign will be to maintain the balance between a coordinated central campaign operation and a strong grass roots effort. One of the greatest strengths of the 1984 campaign was the willingness to allow state organizations to run their own campaigns. The 1984 campaign was most successful in states where there were strong local people who could direct the campaign effort (e.g. Ohio, New Hampshire, Connecticut, California). With a more experienced campaign staff the temptation might be to more directly control the state organizations. The emphasis should continue to be on developing strong local organizations with the national headquarters providing guidance.

The 1988 campaign must have a national operation which can identify problem areas early and provide the guidance necessary to correct mistakes and compensate for local weaknesses. Developing a campaign plan which clearly establishes national priorities and targets the most strategically significant states will help national to focus on potential problems. In determining a state's strategic importance the following factors should be considered:

- Its timing in the primary process
  - Number of delegates
  - Strength of the existing Hart organization
  - Weakness of the existing Hart organization
  - Regional impact.

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1. Recruitment - Broadening The Base in 1988

The most important factor (after Gary Hart and his message) in developing a strong grass roots organization is the people who are recruited to support Hart. While the right supporters can accomplish almost anything, "all the money in the world" can not produce if people are not motivated and have no understanding of what needs to be done. Therefore, special attention should be given to who makes the initial contacts in a state, how potential supporters are identified and how the early organizations are established. This is especially important in targeted states where we did poorly in 1984 and where there are no remnants of an organization.

People who have a track record of producing should be the foundation of the 1988 campaign. In states where there is no one in the current operation who participated in 1984, some attempt should be made to find people who were around before who could provide a better perspective on the local situation. Most of the field and desk people are still available to discuss their experiences in 1984, and while what they say may be very subjective, it will help to give a more balanced view of individual states.

In states where the campaign was very successful, the problem becomes how to broaden the base of supporters without alienating the 1984 corps. Many people involved as "gophers" in 1984 will expect to be involved as decision makers in 1988. Trying to keep people involved at their level of interest will require a juggling act and, unfortunately, everyone may not be able to be accommodated to their satisfaction. Furthermore, many people who were involved in other campaigns in 1984 may perceive the early Hart supporters as a clique that has no room for

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outsiders. The campaign must leave room for newcomers to advance to the inner circles of 1988 decision making.

Successfully broadening the base in 1988 means that the national operation must be aware of the potential difficulties at the state level, make a special effort to communicate with as many people as possible, and be particularly sensitive in orienting staff and supporters on the importance of expanding the core of supporters.

In determining which national representatives should do the initial recruiting and organizing, looking at 1984 should again be helpful. The biases and baggage accumulated during the campaign would be difficult to change even with the best of intentions. One of the mistakes made in 1984 was to go back to the first contact in a state rather than to continue to identify people who could be more helpful and work through them as the local organization was formed. This can cause particular problems when a local chain of command is formed and it is not observed by the national operation.

2. Organizing The State Operations

Within states, the campaign model should reflect the national organization with a strong local grass roots effort and a state operation to provide guidance and set priorities. While national will probably want to talk to a variety of supporters in each state to assess the strength of the organization, once the campaign officially begins, someone should be clearly identified to direct the effort. Official communications from the national office should go through the central state office and should not be made directly to local operations.

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particularly important that supporters buy into the notion from the beginning that while this will once again be a grass roots effort, the national headquarters must establish which states are the priorities and determine resource allocation on a national level. This will be easier to sell to people if they can see how their state fits into a national campaign strategy and if they feel they have some input into the planning process.

Each state plan should include a campaign budget listing both expenditures and fund raising ideas, discuss the use of candidate and surrogate time and, equally important, outline how delegates will be won after the caucus or primary campaign has ended. It is important to focus on the post election delegate selection process early, because the nomination cannot be won without winning delegates. We must put as much thought and energy into winning delegates as we do into winning campaigns. This means that some resources should be allocated to the later stages of delegate selection. The campaign must not assume that by winning primaries, the delegates would automatically follow. While this might be true in a ground swell like the two weeks after New Hampshire, it is not true, in a protracted battle that continues through the end of the primary season.

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4. Establishing The Desk System For Field and Delegates

Once the national headquarters has been opened, a desk system is the best way to maintain contact with the state organizations. In the past, regional coordinators have not been very effective and therefore should not be used in 1988. Every attempt should be made to maintain continuity among desk people since this will improve their effectiveness. When there is a turnover, however, new

staff should be thoroughly briefed about the activities in their respective states and carefully oriented to the responsibilities of the desk job. Obviously, all desk people should understand that the action of the campaign should be at the state and local level and their job is to facilitate their state's contacts with the national operation. Desk people not only should have the campaign plans for their individual states, but also should understand how their states fit into the national strategy. This knowledge will enable them to better perform their jobs and will make them less likely to be manipulated by the interests in their individual states. The desk people should report to a field coordinator who directs the entire field operation.

The delegate operation should very closely parallel the field operation with a delegate coordinator and a desk system. Although it won't expand as fast, the delegate operation should be part of the initial organization of the campaign. While some of the early work with delegate selection can be done by the desk operation, someone should be focusing on the importance of the delegate operation from DAY 1. A separate delegate operation which parallels the field organization means that close cooperation and communication between the two is absolutely essential. There can be no "turf fights" or mixed signals given to states. The national operation should communicate a clear unified message to the state organizations. The delegate operation can not give states one set of priorities while the field operation gives them another. Priorities must be determined in a coordinated way at the central headquarters and communicated to all staff.

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5. Precampaign Organization

The period from now until the official start of the campaign and the establishment of the desk system presents a special operational challenge. While there will be no official organization in place, many of the management assumptions outlined above should be the same. A plan for this period should be identified and the people working with states should understand what they are trying to accomplish. Priority states should be targeted and identified for staff (both volunteer and paid). State projects should be clearly identified and prioritized for staff and state supporters. Everyone working in a state should be carefully briefed on local supporters and campaign background. If more than one person is working in a state, they should share information and give supporters a unified message about what needs to be accomplished. Conversely, during this period the national staff should also be listening to local supporters about what Hart and the organization should be doing in a given state.

An attempt should also be made during this period to focus on the delegate selection process. Some of the party officials who will be 1988 delegates can already be identified. Wherever possible, we should be including identified delegates for meetings when Gary is in their states. They should also be on priority mailing lists.

In addition, some states, like New Hampshire, are already starting the initial steps in delegate selection. Where strong local supporters are in place the campaign should encourage them to influence the outcome of any decisions which will affect delegate selection, either by running for elected positions or lobbying party appointees. In states where we do not have a strong local

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organization do not exist, the campaign should at least monitor the preselection activities.

B. RELATIONSHIPS BETWEEN CAMPAIGN OPERATIONS AND FINANCE/ ADMINISTRATION DIVISIONS

1. Objective

To maximize the efficient use of funds and volunteers to win the nomination, convention, and general election. This includes "traditional" campaign functions such as scheduling and advance, and field operations. The goal should be to create and develop effective, well coordinated campaign organizations in each of the 50 states, and build into crackerjack organizations those states (regions) that will be critical to Hart.

Note: While delegate selection will obviously be part of the operations aspect of the campaign, because of its unique importance it was given separate treatment in our analysis, and will be discussed separately.

2. Strategy/Approach

- This subject matter was not discussed in depth, the thought being that a more detailed analysis with the management team and political operatives should begin at the July meeting and be completed by September, 1986.
- To incorporate a business approach (either through a business services corporation or internally) for such logistical matters as:
  - Negotiating and supervising all office space contracts.
  - Arranging all airline relationships, including the negotiation of premium bulk discounts.
  - Purchasing printing services.

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- Negotiating and supervising all telephone and telecommunications systems.

- Negotiating hotel arrangements, car rental, etc.

- To develop a time line budget and controls that are both realistic and efficient, so that we can impose the same accountability on outflow as we will with inflow (see fund raising chapter), and so that we can prioritize spending decisions.

- To develop an effective information, dissemination system, between Denver, the field and the plane, and within the various elements of the campaign.

- To develop a system for effectively managing and utilizing volunteers.

- To develop a plan for constituency communication (this will tie into the delegate operation, since many constituent leaders will be delegates by virtue of DNC membership or their positions in their states).

3. Resources

- Political Operations Director.

- Finance and Administration Director

- Businessmen and experts in areas the business services are supposed to service (e.g., travel, procurement, telecommunications, etc.)

- National Field Operations Director

- Scheduling/Advance/Coordinator, with advance teams and at least one Denver based assistant. This staff will evolve to include a surrogate scheduler, Lee Hart scheduler, regional advance teams, and the plane advance team.

- Full time staff state coordinators in Iowa, New Hampshire, and other early key states.

- An army of volunteers as coordinators of most states and filling various other functions in those states.

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4. Issues

Structuring of the business services arm of the campaign and how it will relate to the rest of the campaign.

5. Tasks

During Denver meeting in mid-July management group should convene to discuss specifics of business services entity and its relation to the campaign.

Jack Quinn should be asked to prepare an analysis of legal questions raised by existence of separate business services entity contrasted with integrating the business services functions into the campaign organization by August 1, 1986.

Action plan should be developed by September 1, 1986 to dovetail with budget development.

6. Recommendation

Likely National Field Operations Director and Coordinator should be identified by September 1, 1986, and asked to submit proposed organizational reports, with timetables and budgets, to management group by October 1, 1986.

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VIII. MANPOWER DEVELOPMENT

A. PHILOSOPHY

The campaign needs to identify certain ethics and philosophies that should be endorsed and promoted by campaign leadership. To achieve the campaign goals, the existing core group of talented people and key supporters must be supplemented by new people. There must be an attitude promoted among those currently involved to encourage new people to participate. Individuals cannot be protective of their own self-interest and cliques cannot be allowed to thrive or the campaign will not be successful. The campaign must identify individuals throughout the country that it wants to recruit. It should assign the responsibility for the recruitment of those individuals to key people presently involved. This will be a lengthy process but should be started now and tracked on an ongoing basis.

The campaign must request that certain key individuals committed to the Hart candidacy plan to devote, on a voluntary basis, six to twenty-four months towards a full-time effort on behalf of the campaign. It is necessary to identify those individuals early and advise them as soon as possible so that they can plan ahead with regard to their personal/professional career goals and financial responsibilities.

B. POLICIES AND PROCEDURES

For the campaign volunteers to operate effectively and efficiently, the internal policies and procedures of the 1988 Hart for President Campaign organization must be developed. The development will take the form of a campaign manual which will be made available (either in whole or in part) to those people engaged in more than a casual way in securing the nomination and election of Gary Hart in 1988.

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The campaign manual can be completed only after the following are agreed upon: the structure of the campaign organization, job definitions, and the organization credo. Nevertheless, many of the elements of the manual can be determined at this point because there is agreement on the purposes of the manual.

The manual is essentially an education tool, informing all recipients of the following:

- What is expected in the performance of responsibilities
- What are the reporting relationships
- How is an individual expected to conduct themselves
- The campaign organization (including an organization chart and a message from Gary Hart)
- Campaign policies; this would be the guts of the manual. It would include many subjects, both major and minor (e.g., responding to rumors, access to and use of campaign property such as copying and computer equipment, telephones, credit cards, and postal meter, and "federal-state" relations).
- All traditional elements of a personnel manual
- The campaign credo.

It is assumed that some sections would be made available to all field and headquarters supporters, state and national employees, staff, and key volunteers while other sections would be distributed on a more limited basis.

While the manual simply codifies the policies and procedures of the organization, a statement of the organization's credo takes on policy implications of its own. Based on conversations at Winter Park, the credo should reflect an organization which:

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- Encourages innovation of both experienced and inexperienced supporters without compromising the organization's need for predictability, rationality and reliability.

- Recognizes talents and rewards performance

- Permits talented individuals to contribute even if they do not have the time or resources to devote full time to the campaign

- Incorporates modern technology to communicate with all supporters in a timely manner

- Places a premium on accommodation and cooperation rather than conflict and personality struggles.

Drafting the campaign credo and building the principles into the organization are tasks to be accomplished over the next month. Once this credo is developed, along with finalizing the organization structure and job definitions, the manual can be drafted in full, modified and completed.

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IX. LEGAL

Presidential campaigns have frequently evolved through three stages of political organization:

- Speculation and Attention
- Testing the Waters
- Candidacy

From a legal perspective, they are best understood by working backwards:

A. CANDIDACY

"Candidacy" really turns on one's state of mind; but, the FEC has attempted to provide guidance as to the intended objective that might lead to a conclusion that one has in fact decided to seek federal office. Basically, one triggers the federal registration and reporting requirements upon becoming a "candidate," and one becomes a "candidate" when either of the following events occurs:

- The individual has received contributions or made expenditures aggregating in excess of $5,000. In general, a "contribution" includes the transfer of anything of value including "in-kind" contributions such as unreimbursed travel expenses and the like by any person for the purpose of influencing any election for federal office. Similarly, an expenditure generally includes any transfer made by a candidate, potential candidate or his authorized agent for the purpose of influencing any election for federal office.

- After written notification by the FEC that any other person has received contributions or made expenditures in excess of $5,000 on the individual's behalf (i.e., "draft" committee activities) and the individual fails to disavow such activity in writing to the FEC within thirty days of notification.

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While the Commission has not delineated precisely what sorts of activities would trigger candidacy, it has suggested that general promotional efforts such as the distribution of a biographical brochure or video, and activities that represent the establishment of a campaign organization, might signify a determination to seek office.

B. TESTING THE WATERS

FEC regulations set forth as exceptions to the definitions of "contribution" and "expenditure" transfers which permit an individual to finance a variety of activities to assist him in making a determination whether to become a candidate for a federal office. Activities which are financed and conducted within the exemption do not result in a contribution or expenditure and, therefore, do not by themselves cause the person to become a candidate under the Act.

However, if and when the individual becomes a candidate, the regulations have a retroactive effect in that the financing of all activity coming within the exemption must be reported and treated as contributions and expenditures for purposes of federal limitations on contributions and expenditures. Thus, a contribution made to help test the waters in 1986 will count against the donor's $1,000 limit through the 1988 nominating convention. Further, a contribution made before January 1, 1987 will not count in qualifying for matching funds and is not itself qualified for a federal matching payment.

Activities permissible under the testing-the-waters exemption include expenses incurred for conducting polls, telephone and travel, employment of political consultants, rental of office space and equipment and the like. The exemption, however, expressly excludes funds received, payments for general political advertising, or for activities designed to amass

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C. SPECULATION AND ATTENTION

This is a pretesting phase covering that period of time when one is genuinely not yet expending funds to test whether to run or plan how one would do so in the event of such a decision. It is when opinion-makers mention one's name or when one's public policy or partisan political activities inevitably cast the spotlight in one's direction.

One of the activities that has historically been engaged in to keep this spotlight burning is the formation of a Multicandidate Political Committee that raises funds through solicitations and appearances by a prospective candidate and that reimburses those prospective candidates for their political travel in connection with promoting the committee's purposes. These committees are useful precisely because – apart from their intended purpose – they generate goodwill among party leaders. They "keep the spotlight on", and individuals and other political committees may contribute up to $5,000 in each calendar year to a qualified multicandidate committee with which one is associated, and another $1,000 to any future campaign committee.

Of course, to the extent that a prospective candidate or his staff becomes directly involved in controlling such a committee and engaging it in activities more in the nature of testing the waters, he runs the very serious risk of being accused of sponsoring a sham organization that might be the subject of a political attack on his integrity.

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The Volunteer Committee (TVC), is a multicandidate committee although subject to a self-imposed $1,000 contribution limit. As such, it is worth repeating some of the restrictions it necessarily faces in the context of a possible 1988 race. In general, TVC may provide only very limited support to any activities intended to assist Gary in determining whether to run for President in 1988.

More specifically, TVC may fund statements or activity:

- In support of state or federal candidates which TVC has chosen to support
- On the philosophy, principles and program of Gary and TVC
- On issues of importance to the state and federal campaigns in which TVC is working
- On issues of importance to the future and agenda of the Democratic Party
- On issues of importance to Gary's role as a leader of the Democratic Party.

TVC may not fund statements or activity relating directly to:

- Any campaign or potential campaign by Senator Hart for President in 1988
- Organizational efforts for a Presidential campaign by Gary in 1988
- Fund raising for a Presidential campaign by Gary in 1988.

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D. CONCLUSION

As of March 1986, the Hart Campaign seems to have been in the "Speculation and Attention" phase. In this "phase," neither Gary nor those who speak for him should hold him out as a candidate for President in 1988. Neither should they engage in

activities such as fund raising, campaign financing or political organizing which indicate that he is now a candidate for President, has definitely decided to become a candidate, or is testing the waters.

Gary and his agents may engage in limited activities designed to test the waters to assist him to reach a decision on whether to become a candidate for President in 1988 (such as planning, polling, meeting with local Democratic Party officials, discussions with political activists). However, these activities may not be funded by TVC, except to the extent of a $5,000 aggregate contribution by TVC to the testing-the-waters fund, and must instead be paid out of a separate exploratory fund which, again, need not be registered with the FEC.

At the point in time that Gary wants his supporters and staff to engage in activities intended to explore the feasibility of a presidential campaign in 1988 or to prepare for such a campaign, such a separate testing-the-waters fund should promptly be established. If such a fund is established, it must bear the appropriate allocated costs of any testing-the-waters activities which take place during travel or other activities in support of local candidates funded by TVC.

Following is a list of legal tasks that must be undertaken and completed as the next steps when Gary decides to further his candidacy.

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X. MASTER CALENDAR AND ACTION PLANS

A Critical Path Method (CPM) chart will be done along with group, function and individual action plans.

4043604872

APPENDICES

TASK FORCE REPORT:

BUDGET FUND RAISING

ORGANIZATION

ORGANIZATION

POLICIES/PROCEDURES

LEGAL

NATIONAL/STATE/LOCAL

4043604873

OGC 1133

CARLSMITH BALL WICHMAN MURRAY CASE MUKAI & ICHIKI

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SAIPAN OFFICE
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FAX (670) 322-3368

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May 10, 1991

Direct Dial No.:
955-1222

Our Reference No.:

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 MAY 14 PM 2:58

Patty Reilly
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3020
Albert H. Gersten, Jr.
The Gersten Companies, Inc.

Dear Ms. Reilly:

Enclosed is the information concerning Check #1015 to Stratton & Associates.

Sincerely,

Tom K. Houston

Tom K. Houston
Counsel for
Albert Gersten, Jr.
The Gersten Companies, Inc.

TKH/ml
cc: Albert Gersten, Jr.

91 MAY 14 PM 12:11

4043604874

ALBERT H. GERST[illegible]
9701 WILSHIRE BLVD., NO. 1000
BEVERLY HILLS, CA 90212

1015

8/26/82 19-1080/1220

PAY TO THE ORDER OF Stratton [illegible] $2,500

[illegible] DOLLARS

HEAD OFFICE
CITY NATIONAL BANK
400 North Rodeo Drive
Beverly Hills, California 90210

MEMO

4 0 4 3 6 0 4 8 / 5

AP 87 01
FIRST DENVER
1220-0010-8
PAY ANY BANK

60-32
432

AP 87 02
RE
F.R.B. LOS ANGELES
1220-00[illegible]-8

Deposit Only

OGC 1165

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JILL A. DE LA HUNT

OF COUNSEL
ROGER W. DuBROCK

May 15, 1991

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 MAY 15 PM 4:01

40436076

HAND DELIVERED

Patty Reilly, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3020

Dear Ms. Reilly:

I am writing on behalf of the Friends of Gary Hart - 1988, Inc. (FOGH), the authorized principal campaign committee for Sen. Gary Hart's 1988 presidential election campaign.

By letter to you of February 5, 1991, I requested the opportunity to submit the Committee's views on various issues raised in MUR 3020. As you may recall, the Committee previously notified you of its desire to resolve this MUR through pre-probable cause conciliation. As a preface to the negotiations leading to conciliation, I would like to provide the following comments on the Commission's Factual and Legal Analysis underlying its "reason to believe" determinations.

Although much of this information has previously been provided to the Commission in the Committee's response to the interim audit report, I call your attention to it again here because the information serves to show the Committee's diligence and good faith in avoiding or resolving the alleged violations, and should therefore mitigate the amount of any civil penalty imposed upon the Committee through the conciliation process.

I discuss below each of the six categories of "reason to believe" fundings made by the Commission.[1/]

1. Receipt of Excessive Contributions

The Commission finds reason to believe that the Committee accepted $22,788.36 in excessive contributions that were not properly refunded or reattributed. Of this amount, the Commission alleges that contributions totalling $5,491.25 were not refunded in a timely fashion.[2/] It alleges that an additional $9,357.11 of excess contributions were not reattributed in a timely fashion.[3/] Finally, the Commission finds that an additional $7,940.00 were also not refunded or reattributed on a timely basis.[4/] It is important to note that all of these contribution were either refunded or reattributed by the Committee upon the Committee's discovery of the illegality. Thus, the Commission's claim concerns only the speed with which the refunds or reattributions were made.

Below I set forth the legal standard governing the timeliness of refunds that was in effect when these contributions were made, and then discuss each of the categories of contributions at issue.

a. The legal standard

The Commission claims that various excess contributions were refunded beyond the 60-day period now mandated by regulation. 11 CFR 103.3(b)(3). As the Commission recognizes in a footnote, however, see Factual and Legal Analysis at 4 n.4, this 60-day period was not required by law at the time the great

4 0 4 3 6 0 4 8 7 7

1/ A seventh matter, relating to the sale of fundraising assets, was reviewed in the Commission's Analysis, but the Commission determined to take no further action on the matter. It is therefore not further discussed here.

2/ These contributions are itemized on Part 1 of Attachment 1 to Exhibit B.

3/ These contributions are detailed on Part 2 to Attachment 1 to Exhibit B.

4/ These contributions are detailed on Part 3 to Attachment 1 to Exhibit B.

majority of the contributions at issue here occurred.[5/] Until April 8, 1987, the applicable regulation required only that refunds be made "within a reasonable time...", 11 CFR 103.3(b)(2)(1986), without defining what the outer limits of that time period would be.

The advisory opinions issued under the former rule acknowledge the flexibility of the old standard. In A.O. 1984-52, 1 CCH Fed.Elec.Camp.Fin.Guide ¶5797 (Dec. 6, 1984), the Commission noted the "general principle" requiring refunds of illegal contributions "upon discovery of their illegality." But, the Commission said, "in particular circumstances there may be mitigating factors of equity, impossibility, or extraordinary lapses of time, that would justify case by case exceptions to the stated general rule." Shortly thereafter, in A.O. 1985-8, 1 CCH Fed.Elec.Camp.Fin.Guide ¶5836 (March 7, 1985), the Commission approved a committee's request to have a period of over five months after discovery of the illegality within which to refund illegal contributions.

Thus, for most of the contributions at issue, the Committee was not operating under a strict 60-day rule, as the Commission asserts, but rather under a more flexible obligation to make refunds within "a reasonable time." It is a misapplication of the legal standard to judge the Committee's actions solely by a 60-day standard.

Even if that standard is deemed to be operative, however, it should be applied in light of the circumstances described below.

b. Allegations relating to failure to make timely refunds

The first group of contributions at issue is listed on Part 1 of Attachment 1 to Exhibit B and contains 12 contested contributions for which the Commission claims the Committee failed to make a timely refund. These contributions fall into two categories -- those involved in the garnishment of Committee funds, and those arising from a July, 1986 event sponsored by The Volunteer Committee.

5/ Of the 35 individual contributions listed in Part 1 to Attachment 1 to Exhibit B, 25 of them were made prior to April 8, 1987.

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(1). Garnished funds

Refunds of eight of these 12 contributions[6/] were unavoidably delayed because of the unlawful seizure and garnishment of $100,000.00 of Committee funds by a Denver bank on May 8, 1987. These funds were eventually returned to the Committee, after court action, on January 28, 1988. Thus, the Committee lost access to the bulk of its funds for a period of over nine months. Once it received this money back, the Committee promptly met its obligations to refund excess contributions. Had the Committee's assets not been seized, the refunds would have been timely made.

The garnishment of $100,000.00 which occurred at the end of the first phase of the Hart campaign froze almost all of the funds of the Committee. The Committee was left to meet its operating expenses with only a slight fraction of its funds available to it. The seizure of funds -- which was later determined to be unlawful -- left the Committee in an extremely disadvantageous position financially, and it materially impaired the Committee's ability to make timely refunds. Had the seizure not occurred, the Committee contends that refunds would have been made in a timely fashion, just as they were once the Committee regained access to this money. As demonstrated in the Committee's response to the interim audit report, all of the excess contributions at issue were refunded within 60 days of the release of the garnished funds.

The Committee urges the Commission to take into account the extraordinary circumstance of the fund seizure as a mitigating factor in assessing the timeliness of the refunds made for these excess contributions.

(2). The Volunteer Committee contributions

The Commission asserts that five additional contributions totalling $1,356.25 were not refunded in a timely fashion.[7/] These contributions arose from a meeting of The Volunteer Committee (TVC), an unrelated political committee, held

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6/ These are contributions numbered 1, 2, 4, 7, 8, 10, 12 and 13 on Exhibit B, Attachment 1, Part 1.

7/ These are contributions numbered 3, 5, 6, 9 and 11 on Exhbit B, Attachment 1, Part 1.

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in early July, 1986. Senator Hart was a spokesman for TVC, a political committee organized to provide volunteers and in-kind assistance to progressive Democratic candidates in state and federal elections. Accordingly, TVC's organizers called a meeting in July, 1986 to plan strategy for the Fall 1986 elections.

Some discussion at the meeting looked beyond the 1986 elections to the 1988 campaign, including the potential presidential candidacy of Sen. Hart. At the time of the TVC meeting, however, Sen. Hart was not a candidate for president, had not organized a presidential campaign committee, indeed, had not even begun formal exploration of a presidential candidacy.

In November, 1986, FOGH was organized. Out of an abundance of caution, and with an intent to scrupulously adhere to the law, campaign officials soon thereafter decided it would be prudent to treat as testing-the-waters funding a portion of the contributions made to support the TVC meeting. Thus, an accounting was begun on March 9, 1987 to determine the contributions used for the July meeting, and to reasonably to allocate a portion of those funds to presidential exploratory activity.

At that time, the Committee undertook its obligation to aggregate these exploratory funds with other contributions from the same contributors, and to refund excess contributions within the "reasonable time" required by law. Each of the excess contributions identified by the Commission as arising from the TVC meeting was, in fact, refunded by the campaign within a "reasonable time," indeed, within 60 days after campaign officials undertook to treat such funds as allocable to testing-the-waters activity.

The Commission's analysis is based on the view that the refund obligation was triggered on the date that TVC received the funds, i.e., at the time the July meeting was held. Under the circumstances, this analysis is unreasonable. At the time these contributions were received by TVC, its officials were not contemplating that the July meeting would constitute formal testing-the-waters activity. It was only <u>subsequent</u> to the meeting, indeed, after FOGH was organized, that FOGH officials reviewed the discussion at the July meeting and prudently resolved to take the most <u>conservative</u> position -- to err on the side of rigorous application of the law -- and thus to retroactively account for a reasonable portion of the July TVC meeting as allocable to FOGH exploratory activity.

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The consequence of this prudence, of course, is that now the Commission seeks to impose penalties for tardy refunds of excess contributions. But we urge the Commission to temper its analysis of this matter by viewing it in the context of the good faith judgment that FOGH officials made -- a decision to be rigorous in ensuring retroactively that even if only a portion of the TVC meeting was arguably devoted to exploratory activities, those funds would be properly accounted for and reported as testing-the-waters activities by FOGH. It would be ironic and unfair to impose a sanction on FOGH for the efforts of its officials to maximize the reporting of exploratory activity, and to promptly correct excess contributions brought to light by good faith identification of earlier testing-the-waters activity.

c. Allegations relating to reattributions

The Commission lists 13 contributions, totalling $9,357.11, for which it alleges that reattributions of excessive amounts were either untimely or undocumented. See Exhibit B, Attachment 1, Part 2.[8/]

(1). Undocumented reattributions

Originally the Commission claimed that a total of 17 contribution reattributions were improper because the Committee had lost the original affidavits supporting the reattribution. FOGH computer records showed that timely reattributions were received by the Committee in the period from April 20 to May 20, 1987. This time period coincided with the collapse and termination of the initial 1988 Hart campaign. Not surprisingly, in the confusion of the sudden expiration of the campaign, some campaign records were misplaced, including the folder containing the original affidavits verifying these reattributions.

Even though the Committee's computer records, maintained in the ordinary course of the Committee's business, reflected that timely reattributions were received by the Committee, the Committee took the extraordinary step of re-contacting the affiants, and seeking a second affidavit verifying under oath the information contained in the first, misplaced affidavit. Twelve of the original 16 affiants provided this second affidavit, and in each case the affiant verified that he

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8/ Although the Commission lists 23 contributions on Part 2, it is not contesting the legality of 10 of those contributions. Thus, only 13 of the contributions on that schedule are at issue here.

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or she had sent the original affidavit supporting the reattribution in the time frame shown by the Committee's computer records.

The Commission now concedes that in the instances where a second affidavit was received, the reattributions were proper and timely. However, in the four cases in this group where no second affidavit was returned, the Commission continues to claim that the original reattribution was not made.[9/]

This position is unreasonable. The Committee's computer records maintained in the normal course of its business are corroborated in every one of the cases where a subsequent affidavit was returned. This perfect rate of confirmation for the great majority of cases should suffice to demonstrate that the computer records accurately reflect the date of reattributions in the four remaining cases for contributions in the same category, even though no subsequent affidavit was returned. Thus, we believe the evidence demonstrates that contributions numbered 16, 19, 20 and 23 were properly reattributed in a timely fashion.

(2). Untimely reattributions

For contributions numbered 7, 13, 15 and 21, the Commission apparently concedes that sufficient reattributions were made, but claims that the time period -- ranging from 77 to 147 days -- renders the reattribution untimely. As with the contributions discussed in Section b above, the applicable regulations at the time required only that the Committee take action "within a reasonable time," not within a specific 60-day period. The Committee met this standard.

Finally, for five of the claimed reattributions, contribution numbers 3, 6, 8, 9, and 18 on Part 2, the Committee concedes that the reattributions, although received, were untimely. Therefore the Committee has already refunded the excess portion of these contributions.

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9/ These are contributions numbered 16, 19, 20 and 23 on Part 2 to Exhibit B.

d. Allegations relating to "failure to act"

The Commission alleges that an the Committee failed to act on an additional 13 miscellaneous excessive contributions, shown in Part 3 of Attachment 1 to Exhibit B.[10/]

Five of these contributions[11/] are part of a group of 13 which are like those previously discussed in Section c above, where the Committee obtained timely reattribution of the excess amount, but then lost the original reattribution documentation. For 8 of the 13, the Committee obtained second affidavits, verifying the date of reattribution shown in the Committee computer records. The Commission now accepts these eight contributions as valid. For the reasons set forth above, we submit the Commission should also accept the other five reattributions in the same category, where Committee computer records show that the Committee received a timely reattribution which has been misplaced, and where the pattern of evidence indicates that the Committee computer records are reliable and thus that the reattribution was timely.

One of the contributions listed on this schedule, Number 22 on Part 3, lists a $3,000 contribution, with the excess portion refunded by the Committee within 68 days. This contribution and refund were made prior to the regulatory change imposing a flat 60-day rule. Certainly the refund here falls within a "reasonable" period and should not be the subject of a penalty.

For the other contributions listed on Part 3, the Committee has either refunded the excess portion of the contribution[12/] or has made a valid reattribution.

2. Receipt of Corporate Contributions

The reason to believe finding alleges that the Committee received 12 corporate contributions totalling $3,325.00. Each of these contributions has now been refunded.

10/ Part 3 lists a total of 25 contributions, but the Commission does not contest 12 of the contributions listed there.

11/ These are contributions numbered 2, 4, 10, 13, and 24 on Part 3.

12/ See contributions numbered 22 and 25 on Part 3 of Exhibit B.

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In determining whether to impose any penalty on the Committee for the acceptance of these contributions, it is important to consider the underlying facts:

First. As fully explained in the Committee's response to the interim audit report, the Committee instituted rigorous procedures to identify and exclude corporate contributions, and also to identify "business" but unincorporated contributions. These latter contributions, although perfectly legal, were segregated in order to be excluded from those contributions submitted for matching. Each of the 12 contributions at issue here was treated by the Committee as an unincorporated "business" contribution.

Second. There was no indication whatsoever on the face of the check for each of these contributions that the check was in fact drawn on a corporate account. None of these contribution checks bore the standard indicia of a corporate account, i.e., designations such as "Corp," "Inc.," "Ltd.," "P.C." or "P.A." The list used by the Committee to verify whether a check was from a potential corporate account was derived from, and in full accordance with, the Commission's own guidelines set forth at pages VI-3 and VII-7 of the Guidelines for Presentation in Good Order (Dec. 1986).

Indeed, the Commission's attachment listing these "prohibited corporate contributions" is highly misleading in some cases. The Commission, for instance, lists "Jupiter Enterprises, Inc." as a corporate donor, yet the check received by the Committee was labelled only "Jupiter Enterprises." The same is true for "Galveston Islanders, Inc." which submitted a check labelled "Galveston Islanders." The Committee could not tell from the face of these checks that a corporate contribution was involved, and it therefore accepted the checks in good faith.

Third. The auditors stated that, for each check, the Committee bore a duty to inquire with the Secretary of State's office whether the contributor was a corporation. Nowhere in the law, in the Commission's regulations, in any advisory opinion or in any other manual or guidance issued by the Commission is such a burden imposed on a committee as a routine obligation. In fact, the Committee had reasonable procedures in place, consistent with those set forth in the Commission's Guidelines, to identify and refund corporate contributions.

Finally, the contributions were promptly refunded immediately upon the Committee's determination that they were, in fact, from a corporate source.

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In light of these considerations, the Committee believes that it acted in good faith in avoiding the receipt of impermissible contributions, and with diligence in correcting any problems as soon as they became apparent.

3. Contributions from Colorado State Party

The Commission finds reason to believe that FOGH accepted contributions from the Colorado State Party Committee which were made from the state party's non-federal account, in violation of Section 441b(a).[13/]

The Committee accepted no impermissible contributions from the state party. Rather, the Committee had a commercial arrangement with the Party to sub-lease office space from it.[14/] The rental agreement provided for FOGH to pay the state party a monthly rental of $3,500, which was the full cost the state party paid to its lessor. This arrangement made commercial sense for the state party because it allowed the party to receive revenue from office space it could not otherwise use at the time, although it anticipated a need for the office space in the future and therefore wanted to keep it under lease.

FOGH occupied the space for six months, from December, 1986 through May, 1987. In addition to the $21,000 of rent

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13/ The Commission's reason to believe finding is less than clear on what determination has been made here. On the one hand, the Commission states only that there is reason to believe that the Committee violated section 441b(a), based on a finding that contributions to FOGH were made from the state party's non-federal account. Commission Analysis at 9. The Commission thus appears not to make any formal allegation that FOGH accepted contributions from the state party in excess of the contribution limit, an act which would be in violation of Section 441a(a). On the other hand, the heading to this section of the Commission's Analysis is "Excessive Contributions from the Colorado Democratic Party," and the text refers to "apparent excessive in-kind contributions" totalling $32,180. Id. at 8. But given that the Commission's "reason to believe" finding refers only to a Section 441b violation, we assume that the Commission is not asserting any violation based on Section 441a.

14/ FOGH was a sublessee of the state party, which in turned leased the space from the owner of the property.

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incurred by FOGH during this period, the state party spent an additional $5,570 for installation of phone lines in the office in order to make it functional for FOGH for its purposes. FOGH agreed to reimburse the state party for these expenses, as well as a small expense for refreshments paid by the Party. The total owed by the Committee to the party was $27,180.00.

The Committee's debt to the state party was fully retired, in two ways. First, the state party treated $5,000 of the rent due from FOGH as an in-kind contribution. Since the state party could contribute this amount to the Committee, 11 CFR 110.2(b)(1), this in-kind contribution of rent was permissible.

Second, FOGH paid the balance of $22,180.00 in a series of five checks payable to the party.[15/] Four of these payments were made in the period from January through June, 1987, during or immediately after the time that FOGH was renting the space. The last payment of $5,280 was made in July, 1988.[16/]

15/ As set forth in the Committee's response to the interim audit report, these checks were as follows:

01/05/87	$2,800.00
01/20/87	$3,250.00
02/05/87	$3,500.00
06/03/87	$7,350.00
07/19/88	$5,280.00
TOTAL	$22,180.00

16/ The last payment was delayed until July, 1988 because the Committee ultimately decided to retreat on its prior view that this amount had been paid to the state party by the provision of in-kind services to the party by FOGH in February and March, 1987.

As part of its campaign activities, FOGH had established phone bank facilities at its headquarters, and agreed to perform phone bank services for the state party at a commercially reasonable rate. As detailed in a letter of June 3, 1987 from David Miller, FOGH's chief financial officer, to Sigrid Freese, the state party's executive director, FOGH performed 240 hours of services for the state party. That time was valued at a fair market rate of $5,280, and initially deducted from the rental amount which FOGH owed to the state party.

(continued...)

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There is no evidence that the arrangement between FOGH and the state party was anything other than an arms-length commercial transaction, with FOGH paying its sub-lessor full rental value for the office space, and full reimbursement for the improvements made in the space. If the fair market value of FOGH's provision of in-kind phone bank services to the state party is considered as an offset to the rental payments, all payments were made within a commercially reasonable time. And even if the value of such services is not applied to FOGH's rent, the consequence is that FOGH carried a small debt to the state party for a little over a year after termination. The state party attempted to collect that debt, and eventually it was paid in full. On these facts, there is no basis to treat that debt as a contribution to FOGH.

The final issue, then, is whether the state party's payments of rent to its landlord -- payments made out of the party's non-federal account -- should be treated as contributions to FOGH from an impermissible source. They clearly should not be.

First, for the reasons set forth above, the state party entered into an arms-length commercial transaction with FOGH, for which it was fully paid fair value, and did not contribute the office space to FOGH.

Second, FOGH had no knowledge of the source of the state party's funds used to pay the party's rent. FOGH's relationship as sublessee was with the state party as sublessor. FOGH had no relationship with the state party's lessor, nor knowledge of how the state party was paying its lessor. FOGH was not aware that the state party was using its non-federal account to pay its landlord.

Third, as a matter of law, it is irrelevant to FOGH what funds the state party used to pay its lessor. The Committee was renting space at a commercial rate from the state party, just as it would rent or buy goods or services from any other vendor, whether corporate or not. There is no prohibition on the Committee entering into arms-length transaction with a corporate vendor to rent office space. Thus, the state party's use of non-

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16/(...continued)
Subsequently, FOGH decided to reimburse the state party for this amount and wrote a check to the state party in July, 1988.

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federal funds to pay its landlord does not taint FOGH's otherwise permissible relationship with the state party.

4. Contributions of furniture

The Commission finds reason to believe that the Committee accepted in-kind contributions of furniture from two incorporated businesses, Office Liquidator's Inc., and Merchant's Office Furniture.

As to Office Liquidator's, the Committee acknowledged in its response to the interim audit report that it had accepted a donation of furniture with a fair market value of $1,174.80. As soon as this matter was brought to the attention of Committee officials, payment of this amount was made to the company, thus curing the illegality.

As to the second, the Commission relies for its finding on a handwritten note made on an invoice by a Committee staff member. From the note, the Commission infers that Merchant's Office Furniture donated some furniture of unspecified value to the Committee.[17/]

In investigating this matter, the Committee conferred with officers of the company, and received a written response which was attached to the Committee's response to the interim audit report. The company has no record whatsoever of a donation of furniture to the campaign. Nor does the campaign have any record that it received furniture from the company. Thus, the Committee believes that it never received free furniture from Merchant's, and accordingly that no in-kind contribution whatsoever was made.

Even if the Committee did receive furniture from Merchant's, it would have been in accord with Merchant's standard

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17/ The handwritten note was made on an invoice from Merchant's for room partitions which were purchased by FOGH. In urging the Committee to pay the invoice promptly, the staff member noted that the company had "given us" free furniture in the past. The staff member, however, did not mean that Merchant's had given free furniture to FOGH, but simply to other non-campaign ventures that this staff member had previously been involved with. He was making this remark in order to urge the Committee's managers to pay the Merchant's invoice. Merchant's was paid in full for the invoice at issue.

policy that used furniture unfit for sale would be made available to any non-profit agency. The company considered such furniture to be without value, and would consign the furniture to the trash if no non-profit agency could use it. The company and the Committee are both of the belief that if any furniture was received by the Committee -- and again, there is no direct evidence of this -- it was donated by Merchant's under this policy.

Since the furniture had no market value and was considered by Merchant's to be the equivalent of trash, its donation by Merchant to the Committee should not be treated as an in-kind contribution. Further, since Merchant's had a standard policy to make such discarded furniture available free to any non-profit organization, it was not given to the Committee "for the purpose of influencing any election for Federal office." 2 U.S.C. §431(8)(A)(i). The Commission has previously recognized that political committees may take advantage of corporate donation or discount programs generally made available in the vendor's ordinary course of business to non-political entities. E.g., A.O. 1987-24, 2 CCH Fed.Elec.Camp.Fin.Guide ¶5902 (Sept. 10, 1987) (donation of free hotel rooms to political committee); A.O. 1978-45, 1 CCH Fed.Elec.Camp.Fin.Guide ¶5337 (Aug. 28, 1978) (discount to political committee for billboard advertising). Such general corporate discounts are not considered to be in-kind contributions.

5. Gersten contributions

The Commission finds reason to believe that the Committee received various contributions from Albert Gersten and/or his company in violation of Sections 441b(a) and 441a(f).

When receipt of these contributions was brought to the attention of Committee officials, full refunds were promptly made.[18/] Thus, to the extent any illegality occurred in these

18/ Regarding certain equipment purchased by Mr. Gersten for the Committee, the Committee returned the equipment to Mr. Gersten and paid Mr. Gersten a rental fee for its use of the equipment.

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transactions, it has been cured by the Committee's refund of the money.[19/]

6. Activities of The Volunteer Committee

The Commission raises two issues in regard to FOGH's relationship with The Volunteer Committee (TVC). First, it questions FOGH's decision to allocate 25 percent of the costs of the July, 1986 TVC meeting to exploratory purposes of FOGH. Second, it finds reason to believe that FOGH received an allocable portion of corporate contributions made to TVC.

a. The allocation issue

As to the first issue, the Commission questions the adequacy of the 25 percent allocation made by FOGH, but expressly fails to make any "reason to believe" finding against the Committee.[20/] As discussed above, the TVC event took place in July, 1986, four months prior to the formation of FOGH. The event was to discuss and plan for activities of TVC -- including the activities of Gary Hart -- in relation to the approaching 1986 general election. Some portion of that discussion, when it took place, in fact looked beyond the 1986 election to the 1988 presidential campaign. Inevitably, there was an intertwining of Gary Hart's plans for 1986 with his possible campaign for 1988. And inevitably, that influenced some of the discussion at the July, 1986 meeting. Accordingly, once FOGH was organized in November, 1986, its officials decided in good faith that compliance with the law required a reasonable retroactive allocation of a portion of the costs of the weekend to FOGH exploratory purposes.

The Commission has no basis on which to second-guess the good faith judgment of FOGH officials to allocate 25 percent

---

19/ The Committee points out that these refunds or repayments were made within a prompt period. Expenses were apparently advanced by Gersten and/or his company through checks written between November 11, 1986 and February 29, 1987. The Committee's repayment of these funds was made by two checks, dated April 21, 1987 and May 7, 1987. The first refund thus was made within a 60 day period of the last payment, and the second refund followed shortly thereafter.

20/ The Commission notes that "no findings are made at this time regarding this issue."

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of the meeting to exploratory purposes. There is no reason to question the fact that the meeting was sponsored by TVC, not by FOGH. There is no reason to question the fact that TVC was a legitimate political committee, active in 1986 campaign matters. There is no reason to question the fact that the meeting's purpose was to discuss the 1986 general election, not the 1988 campaign. There is no reason to question the fact that the meeting occurred in a time proximate to the 1986 election, not the 1988 campaign.

Given these facts, and given the Committee's good faith actions in undertaking this retroactive allocation at all, the Commission should accept the Committee's judgment that 25 percent of the costs of the meeting were devoted to FOGH exploratory purposes. Any other determination would simply be a guess, without any adequate basis in fact or law.

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b. TVC contributions

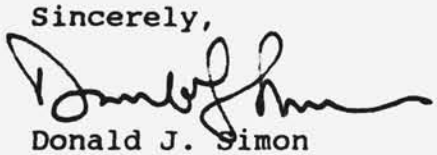
To the extent that any contributions made to TVC were legally impermissible, and to the extent that such contributions were retroactively allocated in part to exploratory activities of FOGH, FOGH was the passive victim of taint in money allocated to it. FOGH -- because it was not yet organized -- did not participate in the solicitation or acceptance of illegal contributions, and its officials had no knowledge of any illegality that may have been committed by TVC. Once such knowledge came to the attention of FOGH officials, full refunds were made of the allocated portion of any illegal funds that may have accrued to the benefit of FOGH.

Because FOGH did not participate in the solicitation of these funds, because FOGH did not control these funds, and because FOGH made full refunds of its portion of these funds, no further action should be taken on this matter.

7. Conclusion

As noted above, the Committee wishes to settle this matter through pre-probable cause conciliation. We urge the Commission to take into account the facts and arguments set forth above as part of its consideration of the matter.

Sincerely,



DJS/cmt

Donald J. Simon

MUR 1395

Reilly

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LLOYD BENTON MILLER
JILL A. DE LA HUNT

OF COUNSEL
ROGER W. DuBROCK

June 3, 1991

91 JUN -3 PM 11:35

HAND DELIVERED

Patty Reilly, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Friends of Gary Hart Committee

Dear Ms. Reilly:

I am counsel to the Friends of Gary Hart -- 1988 Committee. I am writing in regard to recent press disclosures about illegal campaign contributions which the Committee unknowingly received during 1987.

As you may know, there are ongoing state and federal investigations in Denver relating to the activities of M.D.C. Holdings, Inc., and its apparent scheme to launder corporate campaign contributions to a number of local, state and federal candidates. The 1988 Hart Committee has been cited in some press reports as the recipient of contributions from individuals who were subsequently reimbursed for their contribution with M.D.C. corporate funds.

Upon learning of these reports in the press, the Committee treasurer promptly undertook a good faith investigation to learn whether the Committee did in fact receive any contributions which have been subsequently determined to be illegal. In addition to compiling press reports of the ongoing investigation and court actions, Committee officials have gathered relevant court documents and had discussions with reporters and prosecutors involved in the matter.

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We have learned the following. Two individuals, Eugene C. DiCiano and Scott Hoisington, have pled guilty to violations of the federal election laws for their activities in conspiring to launder campaign contributions.[1/] The prosecutor's Information filed in both cases cites a contribution of $1,000.00 made to the Hart Committee on April 9, 1987 by Earl C. Thomas, the president of Blue Ribbon Concrete Forming, Inc. DiCiano and Hoisington apparently then arranged for Richmond Homes Ltd., a subsidiary of M.D.C. Holdings, to reimburse Blue Ribbon in the amount of the contribution.

In another case, Gary Mandarich pled guilty to criminal conspiracy charges that, according to the prosecutor's statement, he facilitated the reimbursement by M.D.C. Land Corp. and M.D.C. Construction Co. of two other contributions, each of $1,000, made to the Hart Committee in April, 1987 by Anna Lee Zimbelman and Leo F. Valdez.[2/]

From our review of press reports and court documents, these three contributions appear to be the only ones made to the Hart Committee which have been determined to have been illegally reimbursed by M.D.C. or one of its subsidiaries. It is our understanding that under 11 CFR 103.3(b)(2), the Hart Committee is obligated to make refunds of the tainted contributions. The Committee intends to meet this responsibility and to refund the contributions to each of the M.D.C. subsidiaries which provided the reimbursement funds.

There are allegations which have been reported in the press that the Hart Committee may have been the recipient of other reimbursed contributions. But so far as we have been able to determine, none of the additional allegations has been substantiated through the criminal justice process.

It is our reading of prior Commission advisory opinions that the Committee's refund obligation is not triggered merely by press reports of allegations, but rather by a final judicial determination -- either by plea agreement or conviction -- that a contribution received by the Committee was in fact illegal. In A.O. 1989-6, 1 CCH Fed.Elec.Camp.Fin. Guide ¶5956 (June 1, 1989), a committee's refund obligation was triggered by its knowledge of an employee's guilty plea in federal court to an illegal

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1/ U.S. v. Eugene C. DiCiano, Jr., No. 91-Cr-052 (D.Colo.); U.S. v. Scott Hoisington, No. 91-Cr-057 (D.Colo.).

2/ U.S. v. Gary Mandarich, No. 91-Cr.-162 (D.Colo.).

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laundering scheme. Similarly, in A.O. 1984-52, 1 CCH Fed.Elec.Camp.Fin.Guide ¶5797 (Nov. 30, 1984), the Commission held that refunds should be made based on guilty pleas entered in response to a grand jury's issuance of a criminal information.

Here, despite various press reports, only the cases cited above have involved a judicial determination that illegal contributions were made to the Hart Committee. Thus, it is our understanding that the Committee's refund obligation extends only to the three contributions involved in those cases.

The Committee, of course, will continue to actively monitor any additional legal proceedings involving this matter. Committee personnel will review the Denver newspapers on a daily basis for news reports on the continuing investigation or on new court cases. In addition, Committee personnel will contact the federal court clerk at least monthly to determine if additional court cases involving this matter have been filed. The Committee will review any new court cases or plea agreements to determine if the evidence shows there were additional contributions made to the Committee which must be refunded.

Finally, it is our understanding, based on the advisory opinions cited above, that the Committee should make the refund directly to the corporate entity which reimbursed the reported contributor. In A.O. 1984-52, supra, the Commission said on analogous facts, "The $1,000 contribution came from the corporation's treasury and thus a like amount should be refunded to the corporation." Accordingly, we will make the refund to the M.D.C. subsidiary which, in each of the three cases, reimbursed the contributor.

We are submitting this information to you in order to demonstrate the Committee's good faith effort to respond to the unfolding revelations in this matter. If any aspect of our proposal appears insufficient to the Commission, I would appreciate notification from you.

Sincerely,

Donald J. Simon

DJS/cmt
Copy to:
Stephen D. Alfers, Esquire
Jim Downum

4043604894

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 10, 1991

Donald J. Simon, Esquire
Sonosky, Chambers & Sachse
Suite 1000
1250 Eye Street, N.W.
Washington, D.C. 20005

RE: Friends of Gary Hart Committee
(MUR 3020)

Dear Mr. Simon:

This is to acknowledge receipt of your letter dated June 3, 1991 submitted on behalf of the Friends of Gary Hart Committee. In your letter, you relate that the Committee intends to refund certain contributions previously received, which according to Criminal Informations and guilty pleas were illegally reimbursed by one or more corporations.

You also discuss additional allegations in the press that the Committee may have received other reimbursed contributions, and set forth your view that no refund obligation is triggered until a final judicial determination is made that a contribution was illegal. We do not believe that this specific question has been answered in the advisory opinions you cite. If you would like to discuss the submission of an advisory opinion request on this issue, please direct your questions to Associate General Counsel N. Bradley Litchfield.

We have placed your correspondence in the MUR 3020 file. If you have any other questions about this letter, please contact Senior Attorney Patty Reilly at, 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

4043604895

OGC/1476

CARLSMITH BALL WICHMAN MURRAY CASE MUKAI & ICHIKI

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MAUI OFFICE
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SAIPAN OFFICE
TELEPHONE (670) 322-3455
FAX (670) 322-3368

WASHINGTON, D.C. OFFICE
TELEPHONE (202) 628-4566
FAX (202) 628-4845

June 5, 1991

Direct Dial No.:
955-1222

Our Reference No.:

4043604396

Patty Reilly
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
91 JUN 10 AM 9:01

Re: MUR 3020
Albert H. Gersten, Jr.
The Gersten Companies, Inc.

Dear Ms. Reilly:

Enclosed please find the corrected deposition of Albert Harris Gersten, Jr. taken on Friday, April 12, 1991.

Please also find a copy of the invitation to the Gary Hart event held in Mr. Gersten's home in March of 1986.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JUN 10 AM 10:36

You will note that substantial portions of the corrections made to the deposition result from the fundraiser in Mr. Gersten's home being held in March of 1986 rather than in January of 1987. As the events were held some four to five years ago, Mr. Gersten has obviously confused and intermingled events and circumstances surrounding the smaller event in his home in 1986 with those surrounding the larger Hart event at the Beverly Wilshire Hotel in January of 1987. Also, the 1986 event in his home was held in conjunction with several other fundraising events for other political campaigns and/or charitable organizations, a fact which further complicates the situation and Mr. Gersten's memory of events. It does not

appear that records where maintained upon expenditures for the various 1986 events, that there was any attempt to allocate whatever expenses there may have been among events, or that there was ever an attempt to seek reimbursements from any of the various campaigns and organizations involved.

Other changes in the deposition were required with regard to the three checks to Michael Stratton. Mr. Gersten does not recall issuing the first check in 1986, but believes the second check for $2,500 in 1987 and the $3,750 check in 1988 were related to Mr. Stratton's legal defense.

Despite the above difficulties Mr. Gersten has made his best attempt to correct the deposition so that it is now as accurate as possible.

Sincerely,

Tom K. Houston

Tom K. Houston
Counsel for
Albert Gersten, Jr.
The Gersten Companies, Inc.

TKH/ml
cc: Albert Gersten, Jr.

4043604897

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, ALBERT HARRIS GERSTEN, JR., having appeared for my deposition on April 12, 1991, do this date declare under penalty of perjury that I have read the foregoing deposition, I have made any corrections, additions or deletions that I was desirous of making in order to render the within transcript true and correct.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 3 day of JUNE, 1991.

Albert Harris Gersten, Jr.

ERRATA SHEET

CORRECTIONS TO BE NOTED TO DEPOSITION TRANSCRIPT

DEPONENT'S NAME: Albert Harris Gersten, Jr.

CASE NAME: In regarding the matter of: MUR 3020

CASE NUMBER:

DEPOSITION DATE: Friday, April 12th, 1991

INSTRUCTIONS: Please make your corrections, if any, on this sheet below. List the page and line number in the places indicated and list the changes to the right. do not change any of the questions. DO NOT MAKE ANY MARKS ON THE TRANSCRIPT. If necessary, use another sheet, using the same format.

Page No. Line No.	Correction
Page 9, Line 5	Change "Gersten's Record Company." to "the Gersten Company."
Page 11, Lines 9-10	Delete "I am not sure. I have not ever seen the vice-president,"
Page 11, Line 12	Delete "Buddy Roemer." insert "Lou Cohen."
Page 33, Line 8	Delete "That" insert "If that."
Page 48, Line 22	Delete "No." insert "I'm not sure what the funds for the 1986 fundraiser I held for Hart at my house were used for, the 1984 debt or the 1988 campaign."
Page 49, Line 6	After "No, I don't think so." insert "Again, I'm not sure how the monies raised at my 1986 fundraiser for Hart were used."

Signature of Witness

6/3/91
Date

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Page 70, Line 7	Delete "Yes." insert "No, but I remember making several other payments to him.
Page 70, Line 25	After "twice" insert "related to business or personal needs"
Page 74, Line 20	Delete "Buddy Roemer" insert "Bruce Youner"
Page 74, Line 22	Delete "before that"
Page 74, Line 24	Delete "can" and insert "could"
Page 76, Lines 21-22	Delete "No. It seems more likely that it corresponds to the other check in Exhibit 4." insert "I do not know."
Page 78, Lines 10-13	Delete "believe so, but I am only guessing since there is a check rebating the same amount of money six days later, five days later, that it was a check for what the rebate says it was for." insert "know."
Page 78, Line 20	Delete "go." insert "go?"
Page 78, Line 23	Delete "If that is what the Exhibit 4 is for, yes." insert "I do not know."
Page 79, Line 4	Delete "the" insert "this specific"
Page 79, Line 7	After "place." insert "I do remember writing several checks to Mr. Stratton for business and for his legal defense."
Page 80, Line 3	Delete "No." insert "I do not believe so. But, again I have no memory of what the 1986 check was for."
Page 85, Lines 6-7	Delete "with, really, I would say one" insert "personally and"; delete "which was" insert "in"; after "in my own home." add sentence "My staff also was involved in assisting with the one campaign held at the Beverly Wilshire."

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Page 85, Lines 23-24	Delete "1987. I am thinking the first month or second month. End of January of '87," insert "1986. March of 1986,"
Page 86, Lines 4-5	Delete "Expenditures were made and then reimbursed by the Hart campaign."
Page 86, Line 7	Delete "I could guess 11,000 or $12,000."
Page 86, Lines 11-13	Delete "orchestra,"; delete "temporary people to help with the mailing of the stuff."
Page 86, Line 15	Delete "Yes, I said music, orchestra." insert "I do not recall."
Page 86, Line 17	Delete "Yes, I am sure." insert "Maybe."
Page 87, Line 14	Before "I didn't." insert "I'm not sure for the event in my home. We did for the Beverly Wilshire event in 1987."
Page 88, Lines 4-8	After "Rick" insert "Allen -- who took"; delete "Emerson was" insert "Emerson's place as"; delete "or a fellow that he assigned Rick. He took his place and I cannot remember his name. It could have been out of their offices. I don't know."
Page 88, Line 12-13	Delete "Hopefully, it will come to me." insert "Rick Allen was his name."
Page 92, Line 15	After "Yes" insert ", but I'm not sure what Committee they were made out to."
Page 96, Line 22	Delete "I think so." after "I don't know." insert "I believe whatever the amount for the 1986 fundraiser in my home we probably spent significantly more in connection with the Beverly Wilshire event in 1987."
Page 97, Lines 4-5	After "issued" insert a "."; delete "from special accounts and then" insert "I know"; after "anticipation"

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Page 121, Line 9-11	Delete "the balance of the $2,500. When I say '"I believe,"' it is because you have the check and I am sure that is what it was for."; insert "another check to him."
Page 121, Line 14	After "yes" insert "."; delete "either his investigation against him was dropped or concluded or something and I believe that is why he sent the check back, the $2,500. He didn't use the whole $5,000 he asked for." Insert "I sent another check to him for $3,750."
Page 123, Line 20	Delete "Mr." insert "I do not know what the $2,500 check in 1986 was for. With regard to the second check in 1987, I believe"
Page 125, Line 19	Delete "Because" insert "I do not recall the origin or purpose of the June 17th, 1986 check. The later check in 1987 was, I believe, for Mr. Stratton's legal defense and because"
Page 126, Line 24	Delete "$5,000." insert "at least $7,500."
Page 126, Line 25	Delete "$5,000" insert "about $7,500"
Page 127, Line 1	Delete "was" insert "may have been partially"; after "resolved" insert "or put on hold"; delete "and concluded."; after "He" insert "apparently";
Page 127, Line 2	after "assistance" insert "at that time."
Page 128, Line 12	Delete "1986"; insert "1987 and 1988"
Page 129, Lines 15-17	Before "My" insert "My conversations concerning helping Mr. Stratton were probably in 1987." Delete "agreement" insert "understanding"; after "for" delete "$5,000, and the only thing I can surmise is that he must have called and asked for the balance." insert "at least $7,500. I sent one

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	check for $2,500 which was apparently returned or not needed and a later check for $3,750 in 1988."
Page 130, Lines 11-12	Delete "He had already talked to me and provided those services." insert "I gave him $2,500. He returned it apparently. I don't know the reason. I then gave him $3,750 which he apparently utilized."
Page 130, Lines 14-15	Before "$5,000." insert "At least"; delete "Obviously I got it for $2,500 according to the check."
Page 133, Line 9	Delete "Yes." insert "I do not have any clear recollection of why the check for $2,500 in 1986 was written. I do recall that I wrote him one check for $2,500 in 1987 and later a check for $3,750 in 1988."
Page 137, Line 23-24	Delete "They were billed from the majority, almost all the expenses." insert "I am not sure how we would have allocated expenditures and whether we billed anything to the Hart campaign, the Davis campaign or any of the charities."
Page 138, Lines 1-2	Delete "In other words, more than maybe their share."
Page 138, Lines 5-7	After "it" delete "exactly in half, so we gave the rental more weight to the" insert "or whether anything was reimbursable. The"; after "campaign" delete "because it"; delete "day." insert "day; the other events followed the next day."
Page 138, Line 9	Delete "Basically" insert "I would guess"
Page 138, Line 14-16	Delete "amounts that would be charged, but some things that were there even though they were used mutually to give a heavier weight to Gary Hart usage." insert "amounts."

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Page 138, Line 23	After "facility." insert "and we had these other events to do also."
Page 139, Lines 12-13	Delete "2- and 300," insert "1- and 200."
Page 141, Line 13	After "Yes" insert "."; delete "or they" insert "The larger events"
Page 142, Line 7	After "Correct." insert "for the Beverly Wilshire event. I'm not sure what I thought with regard to expenditures for the event held in my home. They were made long before Hart was a formal candidate, they were for an event in my home to which I also invited many of my friends to attend as my guests, and they were for several events over a period of days, for different people and charities."
Page 143, Line 13	Delete "involved in"; after "state," insert "i.e.;"
Page 144, Line 6	Before "Also" insert "Mr. Houston:"
Page 144, Line 24	Delete "I hope not."
Page 146, Line 22	Delete "in 1987," insert "in 1988,"; delete "of '87" insert of "88."
Page 148, Line 25	Delete "1986"; insert "1987"; delete "1987" insert "1988
Page 157, Line 22	Delete "Lacey Gage." insert "I do not know."
Page 163, Line 3	Delete "Lacey Gage." insert "Joe Missouri or Linda Turner."
Page 163, Line 8	Delete "She" insert "Linda Turner"
Page 164, Line 2	Delete "she" insert "Linda Turner"
Page 172, Line 8	Delete "Lacey Gage or" insert "Linda Turner"
Page 172, Line 12	Delete "Lacey Gage." insert "Linda Turner"

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Page 173, Lines 8-9	Delete "Lacey Gage" insert "Linda Turner,"; after "way" insert ","
Page 174, Line 2	Delete "Lacey Gage." insert "Linda Turner"
Page 180, Lines 16-17	Delete "Lacey Gage." insert "Linda Turner or Joe Missouri's"
Page 180, Line 20	Delete "her" insert "someone"
Page 185, Line 4	Before "1988" insert "In"; delete "did less." insert "was closed."
Page 185, Lines 8-9	Delete "1988," insert "1987,"; delete "1988" insert "1987"; delete "1989, beginning of '89,"
Page 204, Line 23	After "campaign" insert ","; delete "request" insert "requests"; after "reimbursement" insert ","
Page 205, Line 3	Delete "funds" insert "account"
Page 205, Line 8	After "as" insert "if"

4043604905

4043604906

AMERICANS WITH HART, INC.
9701 Wilshire Boulevard, Suite 1000
Beverly Hills, California 90212

An Evening With Hart

☐ Yes, I will attend. Please reserve _____ table(s) at $5,000.
☐ Yes, I will attend. Please reserve _____ tickets at $500 per person.
☐ I am unable to attend, but enclose my contribution of _____.

The Federal Election Commission requires us to obtain the following information.

NAME _____

STREET _____

CITY _____ STATE _____ ZIP _____

OCCUPATION _____

EMPLOYER _____ PHONE NO. _____

Please make checks payable to: AMERICANS WITH HART, INC.
For information call: Lucy Gage, Special Projects, The Gersten Companies, (213) 272-0815.

Marilynn & Albert H. Gersten, Jr.
cordially invite you to join them
for a dinner in honor of
Senator Gary Hart
Saturday, 15 March, 1986
611 North Cañon Drive
Beverly Hills

Black Tie

Cocktails 7:00 p.m. Dinner 8:00 p.m.

RSVP Lucy Gage 213-272-0815

4043604907

An Evening With Hart

DINNER CHAIRMEN

Marilynn & Albert H. Gerstein, Jr.

CO-CHAIRMEN

Beny & Adele Alagem
Jonathan & Lisa Bloch
Patricia Duff
Michael & Ronnie Kassan
Lyn & Laurie Kornheim
Steve & Arlene Krainen
Stanley Gold
David B. Mixner
Harvey Silbert
David Stein
Paul Ziffren

HONORARY COMMITTEE

Byron Allen
Doug Barr
Stephen Bishop
Candy Clark
Cheech Marin
Donna Mills
Cynthia Sikes

DINNER COMMITTEE

Arthur Barens
Howard Becker
Paul Chamberlain
The Hon. Conway Collis
Martin D. Collier
The Hon. Gray Davis
David & Paula Eldon
John Emerson
Paul Essick
Richard Feller
Edward Fickett
Dr. William Fitzgerald
James B. Frank
Ralph & Lynn Frank
Ralph Frank, Jr.
Michael & Lacy Gage
Melvin & Normie Gagerman
Russell & Karen Goldsmith
Steven & Bart Good
L.A. City Atty. James K. Hahn
Joel & Michelle Jaffe
Robert L. & Gail Karlin
Barry & Beverly Kurtz
Arthur & Lauren Levine
The Hon. Mel Levine
Michael Linder
Barbara Mack
Jerome & Joyce Mack
Kathy Morgan
Kitty & Steve Moses
Bruce & Eileen Oberon
Jerry Outer
James Parks
John Picard
The Hon. Ira Reiner
Cathy Mendelson Siegel
Mark Siegel
Lance & Sheila Smigel
Stanley M. Stalford, Jr.
The Hon. Benjamin H. Stansbury
Jeffrey & Stephanie Ullman
John & Pat Van Der Zee
Jeff Wald
Dr. Don & Lauren Weisman
The Hon. Zev Yaroslavsky
Bruce Youner
Scott Zarnes

4043604908

MUR 3020

MICHAEL STRATTON
IRV TORRELL
ALBERT GERSTEN
TIM DWINNELL
KEITH GLASSER
OLIVER HINKLE
STUART KARL

DEPOSITION OF MICHAEL JOHN STRATTON
July 11, 1991

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91 JUL 26 AM 10:37
FEDERAL ELECTION COMMISSION

1961 Stout Street, No. 1200
Denver, Colorado 80202

A P P E A R A N C E S

PATTY REILLY, Attorney at Law, Office of General Counsel, 999 E Street, N.W., Washington D.C. 20463, appearing for the Federal Election Commission.

HADDON, MORGAN & FOREMAN, P.C., by HAROLD A. HADDON, Attorney at Law, 150 East Tenth Avenue, Denver, Colorado 80203, appearing for the Deponent.

4043604909

PLEASE DO NOT MARK ON DEPOSITION
Use These Sheets.

CORRECTION SHEET

In re: MUR 3020, Stratton/Torrell/Gersten/Dwinnell/
Glasser/Hinkle/Karl
Deponent: Michael John Stratton

The deponent named above wishes to make the following changes in the testimony as originally given:

PAGE	LINE	SHOULD READ	REASON
23	7	late '73	error
24	24	I was a	wrong word
26	7	who was kind	wrong tense
33	10	Rick Reiter	wrong name
33	13	Rick Reiter	wrong name
34	7	Reiter was	wrong name
34	24	we would	missing word
45	16	who's attending	wrong word
63	25	who were	wrong tense
119	21	with Stuart	wrong word
121	25	No, not with respect to campaign finance or spending matters.	clarification -- I recall only one discussion with an FBI agent regarding advance and security matters relating to the Hart campaign.

Michael J. Stratton
Signature of Deponent

4360

The deposition of MICHAEL JOHN STRATTON produced, sworn and examined upon oath on the 11th day of July, 1991, at 8:58 a.m., at 1961 Stout Street, No. 1200, City and County of Denver, State of Colorado, before me, Patricia M. Wrede, a Registered Professional Reporter and a Notary Public within and for the State of Colorado, for the examination of the said MICHAEL JOHN STRATTON, a witness called for examination by the Federal Election Commission.

4043604911

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Witness:	Page No.
MICHAEL JOHN STRATTON	
Examination by Ms. Reilly.....	3

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KEYWORD INDEXING 1

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3	6	Marked at	Exhibit No.
28	25	to the court reporter	Exhibit 1 and ask you to
29	2	(Whereupon, Deposition	Exhibit 1 was marked for
29	7	had a chance to look at	Exhibit 1? A. Roughly,
35	17	to the court reporter	Exhibit 2 and ask her to
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37	15	you to page 3 of this	exhibit, please. Under the
39	5	turn to page 4 of this	exhibit, which you're on.
47	12	to the court reporter	Exhibit Number 3, please,
47	14	(Whereupon, Deposition	Exhibit 3 was marked for
52	17	the agenda before us,	Exhibit 3? A. I did. Q.
60	3	If you could mark this as	Exhibit 4, please, and hand
60	4	(Whereupon, Deposition	Exhibit 4 was marked for
74	3	to the court reporter	Exhibit Number 5 and ask
74	5	(Whereupon, Deposition	Exhibit 5 was marked for
77	23	to the court reporter	Exhibit Number 6 and ask
77	25	(Whereupon, Deposition	Exhibit 6 was marked for
89	24	please mark this for an	exhibit. (Whereupon,
89	25	(Whereupon, Deposition	Exhibit 7 was marked for
99	7	ask you to mark that as	Exhibit 8 and 9.
99	15	Q. Turning to	Exhibit 8, please, which
100	7	described. Q. And then	Exhibit 9, page 1 is a
107	14	to the court reporter	Exhibit Number 10, please
107	16	(Whereupon, Deposition	Exhibit 10 was marked for
128	2	(Whereupon, Deposition	Exhibit 11 was marked for
128	5	the record, please, with	Exhibit Number 11, which

PG	LN	EXHIBITS	
99	8	(Whereupon, Deposition	Exhibits 8 and 9 were

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MICHAEL JOHN STRATTON,

being first duly sworn to state the truth, the whole truth and nothing but the truth, testified on oath as follows:

EXAMINATION

Q. (BY MS. REILLY) We're here at the Federal Building in Denver, Colorado, July 11th, 1991, taking the deposition of Michael Stratton in Matter Under Review 3020. This investigation is conducted pursuant to the commission's subpoena power at 2 U.S.C. Section 437 GA.

The statute provides that this investigation is confidential. Consequently, you're precluded from discussing the testimony that you're going to give today with anyone else except your counsel. Do you understand that?

A. M-hm.

Q. It's very important that you answer my questions verbally with a yes or a no --

A. Oh, okay. Yes, ma'am.

Q. -- because the court reporter --

A. Fine.

Q. -- can't record gestures and things like that. I would have said it anyway at some point.

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What is your name, please?

A. Michael John Stratton.

Q. Have you ever been known by any other name?

A. No, ma'am.

Q. And what is your address, Mr. Stratton?

A.

Q. And what is your telephone number?

A.

Q. Have you ever had your deposition taken before?

A. I -- not like this. I kind of did some responses to inquiries relative to I think this same stuff informally, but not like this.

Q. Okay. Let me run through what we're going to do today. I'm going to be asking you a series of questions about activities conducted by you, about activities conducted by Stratton and Associates, activities regarding the 1984 and 1988 Hart presidential campaign, the Volunteer Committee and other related organizations. It's very important that you answer every question fully and completely. Do you understand that?

A. Yes, ma'am.

Q. If you don't understand a question,

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please let me know and I'll attempt to rephrase it or clarify it for you. Do you understand?

A. Yes, ma'am.

Q. In the absence of an indication from you that you haven't understood a question, I'm going to assume that you have in fact understood it, and I'm also going to assume that you've answered it fully and completely. Do you understand that?

A. Yes.

Q. At any time you want to change an answer, clarify an answer or explain something, please let me know and I'd be happy to give you an opportunity. Is that okay?

A. Yes.

Q. Mr. Stratton, you've taken an oath to swear to tell the truth today, and you should treat your testimony that you're about to give as though you are testifying in a court of law. Do you understand that?

A. Yes.

Q. If you need to take a break, if you want to confer with your lawyer, if you need any explanations or clarifications please let me know, we'll be happy to do that. Is that okay?

A. Yes.

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Q. Are you represented by counsel here today, Mr. Stratton?

A. Yes, Mr. Harold Haddon.

Q. And what is Mr. Stratton's address?

A. Mr. Haddon.

Q. I'm sorry. Mr. Haddon's address.

MR. HADDON: That's a good question. Let's see if Mr. Haddon can answer that. 150 East 10th Avenue, Denver, Colorado 80203.

Q. Mr. Stratton, did you receive a subpoena from the Federal Election Commission in this matter?

A. Yes, ma'am.

Q. And are you here today pursuant to that subpoena?

A. Yes.

Q. Did you discuss with anyone other than your counsel the fact that you had been subpoenaed by the commission?

A. I asked when I got this -- I had been aware that the -- that there was an investigation and I asked that the Colorado Democratic Party's counsel, Mr. Rick Daily, get any information he had on this to Mr. Haddon, which I believe he did.

Q. Did you discuss it with anyone else?

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A. No.

Q. And your conversation you had with the head of the Colorado --

A. Oh, take that back. I also visited with a woman by the name of Patty Sampers, who is kind of the responsible bookkeeper person historically of the Hart campaign, to help find anything that would be helpful to Hal also.

Q. So other than Patty Sampers and the gentleman from the Colorado Democratic Party, did you discuss the subpoena with anyone else?

A. My wife.

Q. Is that it?

A. Yes, ma'am.

Q. Can you tell me a little bit about your conversation with Patty Sampers?

A. I asked her if she would find anything -- when I -- I spoke with you.

Q. Right.

A. And you told me that the number of this MUR.

Q. Right.

A. And I contacted Daily and I contacted Sampers to see if they would facilitate getting anything they knew or had about that to Haddon.

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Q. And that was it.

A. Yes.

Q. Did you review any documents in preparation for your testimony today?

A. Just a couple. One about the Merchants Furniture and one about the '86 Volunteer Committee retreat.

Q. Anything else?

A. No.

Q. Now, regarding the Merchants Furniture document, could you describe that for me, please?

A. I guess you had -- you as the FEC, had inquired of the campaign about Hart -- the Hart campaign's expenditure of funds with them and a note that I had written on an invoice relative to payment.

Q. And so you examined the actual invoice?

A. Yes, ma'am.

Q. Anything else regarding Merchants Furniture?

A. The letter that Merchants had apparently sent to the Hart campaign in response to your question about it whenever you posed that to them.

Q. Anything else?

A. No.

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Q. Regarding the '86 volunteer retreat document, can you describe that for me, please?

A. I saw or looked at checks -- copies of checks that I had written as rebate to four or five and I don't remember the exact number or the exact individuals that I wrote checks back to for rebate for their contribution to the costs of the '86 volunteer retreat.

Q. And that is the '86 volunteer retreat held?

A. In Denver.

Q. Anything else?

A. No, ma'am.

Q. Where are these documents located that you looked at?

MR. HADDON: They're located in my file.

Q. Anywhere else?

A. I would imagine your files and the Hart campaign's files.

Q. So you don't have any personal copies.

A. No, ma'am.

Q. What is your occupation, Mr. Stratton?

A. I own a public relations and political consulting firm in Denver.

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Q. And how long have you owned this firm?

A. Since 1980.

Q. What did you do before you began the firm?

A. I was in government. I was in Washington, D.C. in a variety of capacities from 1977 to 1980, worked in the U.S. Senate and then was in the Carter administration.

Q. And what was your position in the Carter administration?

A. I was assistant to the director of the National Alcohol Fuels Commission.

That's right. NAFC. You're good with acronyms. You have to be.

Q. That's our specialty.

Did you graduate from college?

A. Yes, ma'am. Colorado State University.

Q. Do you have any advanced degrees?

A. No, I don't.

Q. Can you tell me a little bit about what your firm does?

A. We do political campaigns, we do public relations, we do lobbying work and that whole, you know, kind of gamut of public and government affairs.

Q. And this would be state, federal?

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A. All over. Depending on the -- depending on our clients or their needs, and we do a lot of just straight public relations, it's not government related, you know, a lot of marketing work, real estate work, market research for real estate companies, developers, marketing promotions, the whole kind of gamut of PR, marketing, government relations, public affairs.

Q. Is Stratton and Associates incorporated?

A. No. It's a sole proprietorship.

Q. And the position that you hold, are you president?

A. I guess, yeah, that's correct. I guess I -- I've signed various documents as president.

Q. Have you signed any documents in any other capacity title-wise?

A. I don't understand.

Q. You said you sign documents as president.

A. Yeah.

Q. Have you signed any documents as using any other title?

A. I don't believe so.

Q. How many employees do you have in

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1990 -- 1?

A. That's correct. Stratton and Associates evolved into a partnership that I operate under now, as Stratton, Reiter, Dupree and Durante.

Q. I'm sorry, can you say that again?

A. Stratton, Reiter, Dupree and Durante. Where you reached me.

Q. And when did the partnership come into being?

A. January 1, 1990.

Q. In the period of 1987 to 1988, how many employees did you have, Stratton and Associates?

A. Stratton and Associates was operating as a sole proprietorship. I was the one full-time employee and hired various other people on a contract basis based on various contracts that I had.

Q. What was roughly your dollar volume of income for '87?

A. I'd have to go look at my tax records, ma'am.

Q. Would it be, for example, over a hundred thousand dollars?

A. Yes, ma'am. In terms of gross. See, one of the problems about my business is you gross a pretty good amount but you -- your expenses are very

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high, but certainly well over -- in 1987 it was, you know three or four hundred thousand dollars maybe. And don't hold me to that.

Q. No.

A. But, you know, that was a --

Q. Roughly.

A. And that could be more. It could be more.

Q. Are you married, Mr. Stratton?

A. Yes.

Q. And do you have any children?

A. Yes.

Q. How many children do you have?

A. One and one on the way.

Q. Other than Stratton and Associates, in 1987, 1988, did you operate any other businesses?

A. Well, I'm a partner in a variety of, you know, real estate ventures that I've been involved in.

Q. Can you tell me a little bit about those, please?

A. Yeah.

MR. HADDON: This is just '87 and '88?

MS. REILLY: '87 and '88.

A. I'm trying to think when I came out

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of... I guess I probably came out of -- there was a partnership that I was involved with called Miners Creek Associates, which is a partnership that developed a resort in Frisco. I might have come out of it in '86 or '87, but it was around at that time frame.

And I'm partners with my brother-in-law in two partnerships, Crossman-Stratton Properties, which owns a building that we used to occupy, and I'm also partners with him and my other brother-in-law in a partnership called Crossman-Stratton-Crossman Properties that owns the building that I rent office space in.

Q. (BY MS. REILLY) Any other business activities?

A. Other than, like, investments or anything?

Q. Yes.

A. Not that I can think of.

Q. Are you involved in any community activities?

A. Yes, ma'am.

Q. Could you list them for us, please?

A. I'm involved in -- I've been a volunteer for March of Dimes for a number of years,

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I'm involved in memberships of -- my wife and I are members of the Valley Country Club, we're members of the Denver Athletic Club and involved in, you know, in any number of capacities of -- with the democratic party.

Q. In 1987 what was Stratton and Associates' address?

A. 1732 East 17th avenue, Denver, Colorado.

Q. And from what period were you at that address roughly?

A. Probably from 1985 through 1990 or late '89.

Q. And from there you went to?

A. 1625 Downing where I am now. Both of those buildings I own as a -- well, the 1732, Stratton and Associates owns, and 1625 is the one I own with my brother-in-laws.

Q. And how long have you owned the building at 1625?

A. I think since '89. I, you know, I believe that's -- mid '89 I believe.

Q. Have you been active in any political campaigns?

A. Yes, ma'am.

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Q. Could you list them for us, please?
A. All of them?
Q. Try.
A. Since when? I'm not trying to be trite.
Q. How about from 1984 forward to the best you can.
A. Well, from '84 forward I was involved with Gary Hart, Federico Pena, Roy Romer, a number of initiative campaigns around the country, but in Colorado the airport elections, the baseball elections, a number of small community bond elections, the Dukakis campaign, the Romer campaign again, the Hart campaign again.
MR. HADDON: Just about every campaign there was.
A. You know, I've probably been involved in over a hundred campaigns. Not since '84 but historically.
Q. Which of those campaigns were you paid either personally or as Stratton and Associates was paid?
A. Hart campaign, Pena campaign, Romer campaign, Dukakis campaign -- well, every one of those campaigns.

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Q. They were all paid.

A. Yeah. As a consultant.

Q. As a consultant. Just sort of my own edification, what exactly would a political consultant do in a political campaign?

A. Well, it's very different depending on -- you know, it's probably as diverse as being an attorney. You know, you're an FEC attorney and Mr. Haddon's a defense attorney, and various campaigns you do different things. Sometimes you run phone banks, sometimes you do direct mail, sometimes you do radio advertising, TV advertising, organizational management. There are scores of tasks and depending on the campaign and the contract you do different things.

Q. Based upon what you're asked to do by the campaign?

A. Or what you contract for.

Q. Have you done any fund-raising?

A. That is not primarily one of the things that we do. I've been involved as -- you know, always fund-raising is a part of a campaign, but I am -- we don't do fund-raising per se.

Q. And who generally would do fund-raising?

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A. Fund-raisers, who are another animal of political campaigns.

Q. Are you familiar with the Federal Election Campaign Act?

A. Generally, yes. All the specifics, no.

Q. What exactly do you know about it?

A. That the theory of the FEC came out of various money laundering concepts of the '60s and '70s, and the Nixon administration in particular, and that Congress enacted various reforms that were designed to control spending, facilitate reporting and disclosure.

Q. Are you aware that the Federal Election Campaign Act prohibits corporations from making contributions or expenditures in connection with a federal election?

A. In federal campaigns, right.

Q. And how did you become aware of that?

A. Well, I think I've known that since -- since I've first worked in a federal campaign in 1978.

Q. And what campaign was that?

A. Floyd Haskell for U.S. Senate.

Q. Are you aware also that the Federal Election Campaign Act imposes limitations on the

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amounts that people could contribute?

A. Yes, ma'am.

Q. And what do you understand that amount to be?

A. $2,000 per campaign per individual, I believe. Is that right?

Q. Technically it's a thousand dollars per election but if you win in the primary in the general you do go to the 2,000 figure.

A. Yeah.

Q. Are you aware of the fact that people are required to give their own money as opposed to funds of others?

A. I don't understand your question.

Q. Are you aware of the fact that it is illegal for someone to make a contribution in the name of someone else? For example --

A. Stuart Karl.

Q. There you go.

A. Yes, ma'am.

Q. And when did you know that?

A. When I found that out during the -- when all that became news in 1988 or whenever that was.

Q. Did you know that the procedure which

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Mr. Karl used, which was to take funds from his corporation and make contributions in the name of his employees, did you know that was illegal before the Stuart Karl story broke?

A. Absolutely.

Q. And when did you know that that system of contributing was illegal?

A. When the Miami Herald or whoever broke the story reported it.

Q. Although you may not have known about the specific Stuart Karl situation, did you know that the system that Stuart Karl used was illegal prior to when the story broke?

A. Well, I knew that -- I knew that if anybody was doing that it would be illegal.

Q. And when did you know that?

A. In 1978.

Q. Have you read any publications put out by the commission?

A. Yeah. I probably have looked at updates and manuals that the FEC has for federal campaigns.

Q. Have you read any publications put out by political parties?

A. On FEC?

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Q. Yes.

A. Yes.

Q. Can you describe those for me?

A. Just, you know, compliance forms, filing type stuff. I've read it kind of in passing. I have never had responsibility for fund-raising or reporting, so haven't had to like become one with FEC reporting documents or requirements.

Q. Have you written any sort of publications dealing with federal elections?

A. No.

Q. When did you first become a supporter of Senator Hart?

A. In 1974.

Q. And that would be for his first Senate campaign?

A. Yes, ma'am.

Q. Can you tell me a little bit about your involvement?

A. I was a student at Colorado State University and was active at Colorado State University on his behalf.

Q. And what exactly did you do?

A. Carried literature, made phone calls, went to the state convention, that kind of thing.

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Q. Anything else?
A. Attended events.
Q. When did you first meet Senator Hart?
A. That same time.
Q. 1974?
A. Might have been late '73, but it was during the '74 campaign, so it was probably late '74, fall of '73.
Q. Did you take a position with Senator Hart in the Senate?
A. No.
Q. Your job in the Senate, what was that position?
A. I worked for U.S. Senator Floyd Haskell. I went there right after graduation.
Q. What attracted you to Senator Hart as a candidate?
A. Any number of things. His politics, his policies, his integrity.
Q. Anything else?
A. Any number of things that we could -- I could be here all day telling you about what a great guy Gary Hart is.
Q. Do you know him personally?
A. Yes, ma'am.

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Q. Do you see him often?
A. I see him irregularly.
Q. When was the last time you saw him?
A. A couple months ago.
Q. And when was that -- or where was that, I'm sorry?
A. Where?
Q. Yes.
A. On the street, here in Denver.
Q. Did you ever discuss with Senator Hart the commission's investigation in this matter?
A. No, ma'am.
Q. So you worked for Senator Hart in '74.
A. As a volunteer.
Q. As a volunteer. Did you work in his next campaign?
A. His reelection campaign?
Q. Yes.
A. Not really. I was involved in the president's reelection campaign.
Q. And was that a paid position there --
A. At various times, yes.
Q. Did you have a title in that election?
A. I was the congressional organizer and advance man and any number of things, so it was just

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a campaign worker.

Q. And after the campaign was not successful, did you then return to Colorado?

A. Yes, ma'am. And started my business.

Q. In 1984 did you work for Gary Hart?

A. Yes.

Q. Was that in a paid position?

A. No.

Q. Can you tell me a little bit about what you did in 1984?

A. I worked -- I would -- I was his Colorado campaign coordinator, a nonpaid position, and I also worked around the country during the primary and caucuses leading up to the nomination.

Q. So a certain amount of travel was involved?

A. Yes, ma'am.

Q. Did you travel with the candidate in '84?

A. From time to time.

Q. Can you identify some of the people from 1984 with the Hart campaign that you interacted with?

A. Yes.

Q. Could you, please?

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A. Yes.
Q. List them?
A. Oh, sorry. People I worked with?
Q. Yes.
A. The Senator, the campaign manager.
Q. Who was?
A. Oliver Hinkle, Bill Shore, who is kind of a special assistant to Senator Hart. I could list like -- where do you want me to go with this?
Q. Draw the line?
A. Yeah.
Q. Let me ask you this. Who did you report to in the campaign?
A. I reported to a guy by the name of Rick Ridder. R-i-d-d-e-r, not like Reiter my partner. They get confused and I don't want them to be. R-i-d-d-e-r. Who was the national field director, and he was the coordinator, if you will, of all the state campaign directors, and he was the guy I reported to.
Q. And who did he report to?
A. Well, that was probably one of the problems of the Hart campaign in '84. There was some unclarity in the -- in who people reported to in Washington but I -- but he reported -- I'm not

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trying -- I'm not trying to be facetious with you -- he reported to Oliver Hinkle, I presume, although there were a series of people kind of coming and going and...

Q. Now, did you collect in 1984 funds from the campaign related to your travel and subsistence?

A. I was reimbursed for various expenses, but I was never paid salary. In the '84 campaign in particular it was very much like that.

Q. Were you essentially working on the '84 campaign full-time?

A. I was back and forth between my business. I ran the campaign from Denver and simultaneously operated my business and so, you know, kind of business by day campaign by night and weekend and that kind of thing.

Q. So you were still employed with your company at this time as well.

A. Absolutely. Right. Had to.

Q. After 1984 what was your next association with Gary Hart?

A. Well, I continued to be friends and associated with him as I am today.

Q. Would you consider him to be a personal friend?

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A. Yes.

Q. Have you visited him in Washington, D.C.?

A. He lives in Denver, or Kittredge, Colorado.

Q. Right, but when he lived in Washington, D.C., did you visit him there?

A. Yes.

Q. Did you travel to Washington on business during the period of '87 through '88?

A. Yes.

Q. And did you see the Senator there?

A. Well, '87 through '88 he was -- he wasn't there.

Q. Right. He left in '86.

A. He was here.

Q. What about in 1986? Did you visit Senator Hart in his office in Washington?

A. Probably.

Q. Did you have lunch at the Senate dining room?

A. I don't think I ever had lunch in the Senate dining room with Gary Hart.

MS. REILLY: At this point I'm going to hand to the court reporter Exhibit 1 and ask you to

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mark it, please, and hand it to the witness, please.

(Whereupon, Deposition Exhibit 1 was marked for identification by the reporter.)

Q. (BY MS. REILLY) I'm going to ask you to take a moment and look over this document, please.

Have you had a chance to look at Exhibit 1?

A. Roughly, yes, ma'am.

Q. Do you recognize it?

A. I recognize the -- this old stationery, this Hart National Cabinet stuff.

Q. Can you tell me a little bit about the stationery?

A. I think this was stuff that was used in California for the Hart National Cabinet.

Q. This purports to be a four-page document discussing the Hart National Cabinet, and the last page is a National Bank of Washington loan application and installment note. Have you ever seen any information regarding the Hart National Cabinet?

A. I've seen the organizational stuff. I've never seen this thing.

Q. And this thing is the loan application on page 4?

A. Yes, ma'am.

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Q. Can you tell me a little bit about what the Hart National Cabinet was?

A. I was not really involved with it. My recollection is that it was involved with people I think mostly in California who were plugged into the Hart organization to advise Hart about national policy issues, if I recollect, and this was run in California.

Q. Do you know who in California was active in the Hart National Cabinet?

A. I think the main person was David Stein.

Q. And who is David Stein?

A. A California supporter of Senator Hart's.

Q. Do you know David Stein?

A. Yes, ma'am.

Q. Do you know David Stein well?

A. Pretty well.

Q. And have you seen him recently?

A. No, ma'am.

Q. Have you ever had occasion to discuss with Mr. Stein the commission's investigation either in this matter or in other matters?

MR. HADDON: Could you be clear on what

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other matters are?

Q. Any other commission investigation.

A. I think probably at the '88 convention was the last time I saw Stein, and I think probably in passing amongst a whole group of people the FEC stuff came up.

Q. Can you tell me a little bit about that conversation?

A. Everybody was kind of crying in their beer about '88 because it was Atlanta, Dukakis was the nominee, and people were recounting kind of their experiences. And I think the topic came up that Stein had relative I think to the Stuart Karl stuff been investigated, and that's as far as it went. And that was in -- whenever the convention was July of '88.

Q. What specifically did Mr. Stein say?

A. Well, I don't know specifically what he said. I know one of the topics that came up in a group of many people was the Stuart Karl stuff and that Stein had had to testify or be deposed or whatever relative to all that.

Q. Did he say anything else?

MR. HADDON: I don't believe Mr. Stratton attributes that statement to Mr. Stein. I

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think he says he recalls conversation about that generally.

Q. Did Mr. Stein say that?

A. Well, there were a number of people there, and I think Stein said something about being deposed or testifying on the Stuart Karl stuff.

Q. Who else was there?

A. Oh, God. Stein, a guy that works for him or used to work for him by the name of Chris Townsend, myself, my business partner Will Dupree, Bill Shore, a guy by the name of Bill Morton who used to work for Senator Hart. Did I say Stein?

Q. Yes.

A. And two or three other people that were Hart people that I just -- that I don't know, I can't -- you know, I don't know -- maybe David Dreyer, I'm not sure. He could have been, he may not have been also.

Q. Roughly how long did this exchange last?

A. Oh, we were together for a long time. That topic was just very much in passing.

Q. Were there any discussions regarding Mr. Karl as well?

A. Just exactly that.

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Q. Do you know if this group ever met, the Hart National Cabinet?

A. I presume so. I wasn't involved with it.

Q. And other than David Stein, is there anyone else whom you associate with the cabinet?

A. That I -- that was...

Q. Known to you to be active in the cabinet.

A. Yeah. Rick Ridder.

Q. You've identified as, I'm sorry, what was his position?

A. Rick Ridder was executive director of the cabinet. He was working in California at that time.

Q. Anyone else?

A. This guy Chris Townsend I presume, who worked for Stein.

Q. Anyone else?

A. That's all I can think of. Like I said, I wasn't very -- I don't think I -- I know I never attended any of these events, and I believe this was a California-based activity.

Q. Did you have any discussions with anyone regarding the Hart cabinet?

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A. Probably.

Q. Do you have any specific recollections of hearing any conversations?

A. I know that I knew that there was this Hart cabinet in California. I know that -- I know that David Stein was a primary mover of it, that Rick Ridder was involved in the organizing of it, and that it was one of the entities involved in staying plugged in with Hart post-1984.

Q. Did you ever discuss it with Gary Hart, the national cabinet?

A. I doubt that.

Q. And why do you doubt it?

A. Because I have no recollection of that and it's not anything that I would have had a discussion with him about.

Q. What sort of things did you discuss with Gary Hart, say in 1984?

A. In 1984?

Q. Yes.

A. Which car to get in. I'm being serious.

Q. Anything else?

A. Where his luggage was, what time we leave one site and go to another.

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Q. So you were doing a lot of logistics?
A. Yes, ma'am.
Q. Were you involved with any strategy for the campaign in 1984?
A. Yes, in Colorado, in Iowa, at the convention and various other states where I traveled or -- or conversed with other people that were organizing in other states.
Q. Did you discuss strategy with Gary Hart in '84?
A. Well, from time to time on a -- kind of a micro level.
Q. And by a micro level you mean?
A. Specific implementation versus overall strategic.
MS. REILLY: At this point I'm going to hand to the court reporter Exhibit 2 and ask her to mark it, please.
I'm going to ask the witness to please examine this document.
(Whereupon, Deposition Exhibit 2 was marked for identification by the reporter.)
Q. (BY MS. REILLY) Have you had a chance to look at it?
A. Basically, yes, ma'am.

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Q. Do you need more time?
A. (Indicating).
Q. No?
A. No, ma'am.
Q. Do you recognize it?
A. No. I haven't ever seen this before, but I understand what it is.
Q. Can you tell me about it?
A. It seems like it is a schedule for some kind of Hart type event that was held at the Ritz-Carlton or L.A. or -- some California Hart type event.
Q. And am I correct in assuming that you did not attend this event?
A. I did not.
Q. Are you familiar with a retreat program run by the Hart campaign?
A. Yes, ma'am.
Q. Could you tell me a little bit about it?
A. The Hart organization had I think this was an event that was -- is this 1985? Can you help me with this?
Q. Sure, I can help you. Let me tell you what it purports to be, which is a retreat agenda

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from Monarch Beach in April of 1985.

A. Okay. That's what I -- you know, I have recollection of this. I wasn't there and wasn't involved. But I have recollection of this event being a event in California for Hart supporter types to talk about politics in general, you know, Hart, his future or lack of or, you know, the Senate or the presidency or -- and politics in general, you know, world issues, issues key to the Jewish community, national policy issues, issues pending in Congress, and a lot of social stuff.

Q. A lot of ground to cover in two days. Three.

If I could direct you to page 3 of this exhibit, please. Under the heading of Saturday a.m., 9:30 to 11:30, the entry Martha, Center for New Democracy, does that mean anything to you?

A. Yes, ma'am.

Q. What does that mean to you?

A. I believe Martha Keys, former congresswoman Martha Keys, was the executive director or chief of staff or some title like that of the center, which dealt with, you know, big picture geopolitical policy issues.

Q. Were you invited to this retreat?

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A. No, I don't think I was. I may have been. I don't...

Q. Did you do any planning regarding this retreat?

A. No.

Q. Did you discuss with anyone that this retreat was going to happen?

A. I'm sure I did. I remember this event.

Q. What exactly do you remember about it?

A. That it was going on, that it was in California, and that it was about all those things that I just described.

Q. Do you know who paid for the event?

A. I do not.

Q. Could you speculate about who paid for the event?

A. I assume these people paid their own way to come.

Q. And what's your basis for that assumption?

A. Because they're all from my recollection people able to pay their own way in life.

Q. Meaning that they're wealthy?

A. Not necessarily, but -- but, you know,

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certainly I don't think there's anybody here that needs to be subsidized per se but I -- and I don't even know all these people.

Q. That brings us to a good question. If you turn to page 4 of this exhibit, which you're on.

A. Is that the last one?

Q. That's the last one. David Stein you've previously identified?

A. Right.

Q. Do you know John Peterson?

A. I don't believe I do.

Q. How about Mike Medavoy?

A. I have met Mr. Medavoy on a number of occasions. He might not remember me or know me, but I have met him.

Q. And Nadine Hack?

A. I don't know her.

Q. What about Mark Hogan?

A. I know Mark Hogan very well.

Q. And has Mark Hogan been involved in the Hart campaigns?

A. Yes.

Q. Would you tell me a little bit about his involvement?

A. He's a former lieutenant governor of

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Colorado and was a pretty early supporter of Senator Hart's, Senate-wise and presidential-wise, and a good personal friend of the senator's.

Q. What about Norm and Sunny Brownstein?

A. They live in Denver and were also supporters of Senator Hart.

Q. What about Doug Rosen?

A. Doug Rosen I think used to work for Senator Hart in his original campaign and was involved in the '84 campaign and I think is in the Hollywood type business these days.

Q. Do you know him well?

A. Not well. I know him, you know, kind of as a Hart person.

Q. When was the last time you saw him?

A. Probably at Senator Hart's announcement for president in the spring of 1987.

Q. And that was the last time?

A. Yes, ma'am.

Q. What about Bob Decotiis?

A. I don't know him.

Q. And Stuart Karl we've mentioned before.

A. Stuart Karl I've met a couple of times.

Q. Would you consider Stuart Karl to be a

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friend of yours?

A. I wouldn't say he's a friend. I know him as a Hart supporter, have met him at events and, you know, he might -- he probably would remember me but he might not also.

Q. Can you describe Stuart Karl for me in terms of political awareness?

A. Well, I really -- I -- he was a California guy, and I was a Colorado guy, and I think he was more fund-raising oriented and so I had limited exposure to Stuart Karl. My belief about him was that he was a California contributor, money type person, and was in the movie business or something like that.

Q. Roughly how many times have you met him?

A. Four or five.

Q. What sort of circumstances were they?

A. At events, or probably the longest interaction I had with him was when we were planning the announcement in the spring of '87 and he was around relative to kind of the filming issues because he's a film, Hollywood, movies, videos I guess are his business, and he was involved relative to kind of the visual setting of things.

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Q. Did you like him?

A. Sure.

Q. Did you have the impression that he was bright?

A. Well, I guess I assumed that somebody who was pretty young and who'd made a lot of money must have something going, so I guess I assumed he was bright.

Q. How about John Emerson?

A. He's a California lawyer, was my counterpart in California. When I was the Colorado coordinator he was the California coordinator. And he in the -- what would have been the '88 -- first '88 campaign, which didn't last, he was the deputy campaign manager.

Q. The post of deputy campaign manager, was there only one or were there more than one deputy campaign managers?

A. Just one. In the...

Q. '88?

A. That's correct.

Q. And that was John Emerson.

A. That's correct.

Q. When was the last time you saw him?

A. I don't recollect. It's probably -- I

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think I've seen him once since the '88 convention but I don't know exactly where. I've spoken to him a few times. We are good friends.

Q. Did you go to his wedding?

A. I did not.

Q. And when was the last time you spoke with him?

A. Six weeks ago, a month ago.

Q. And what did you discuss?

A. He had just lost for the state legislature by 31 votes.

Q. So you were commiserating?

A. Exactly.

Q. Were you involved in his state legislative campaign?

A. I helped raise some money for him. I circulated a letter to Hart people in particular, asking them to contribute money to his legislative race.

Q. Do you know how much money was raised as a result of your help?

A. Not exactly. I think it was -- I think it was a couple, three thousand dollars maybe.

Q. And did you contribute?

A. Yes, ma'am.

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Q. What about Jim and Gloria Barrett?

A. Jim Barrett I've met two or three times. He's a Oklahoma guy who is a fund-raising type person.

Q. John Brown?

A. He goes by Rick Brown, and I've met Rick a number of times over the years. He's a Washington lawyer.

Q. And he was active in the '84 Hart campaign?

A. Yes.

Q. Mike Johnston?

A. I don't believe I know Mike Johnston or I don't recollect that I know him.

Q. What about the last two on the list?

A. Don Montgomery I know well. I've worked with him over the years, Hart-wise and other business-wise and other campaign-wise, and the same with Gary Antonoff.

Q. Do you know if Gary Hart attended the Monarch Beach event?

A. I'm sure he did.

Q. Do you have any personal knowledge that he attended?

A. I -- well, I -- I don't know the answer

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to that exactly. I -- yeah, I'm sure -- I'm sure he was there. I mean, it was -- he was supposed to be there. I have no reason to believe he wasn't. It was designed as an event around his presence, so they wouldn't have had it if he wasn't there.

Q. Have you ever been to the Kentucky Derby?

A. No, ma'am, I have not.

Q. Have you ever had any discussions with Senator Hart regarding his attendance at the Kentucky Derby?

A. No.

Q. Have you had discussions with anyone else regarding their attendance at the Kentucky Derby?

A. Not that I know of. Whose attending the Kentucky Derby?

Q. In May of 1985.

A. No.

Q. No. Do you know that Doug Rosen's family is active in horse breeding?

A. I did not know that.

Q. Are you familiar with a retreat held in Georgia in November of 1985, October of 1985?

A. Probably a little less so than this.

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Q. A little less. What can you tell me about the Georgia retreat?

A. Not much. An event similar to this put together by people I think largely out of Washington and the south for the exact same purposes as this.

Q. And how again would you describe those purposes?

A. Fun, relaxation, politics, you know, national and international political issues, you know, geopolitical interests, people's interests, whether they're in the Jewish community or business community, you know, kind of the political interaction and social bonding kind of thing.

Q. Did you have any discussions with anyone regarding the Georgia retreat?

A. I'm sure I did.

Q. And what's the basis for you to be sure that you did? Why do you think that you had discussions with people regarding Georgia?

A. Because I just knew -- I just knew it was happening, in the same way I knew this was happening.

Q. Did you have any involvement with it?

A. No.

Q. Didn't raise any money for it?

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A. Not that I'm aware of.

Q. Didn't do any planning for it?

A. Not that I'm aware of.

Q. Do you know who attended the Georgia retreat?

A. Senator Hart, Mrs. Hart, I would assume Bill Shore, if they had the same agenda as this Martha Keys.

Q. But these are assumptions, right?

A. Yes, ma'am.

MS. REILLY: At this point I'm going to hand to the court reporter Exhibit Number 3, please, and ask her to mark it.

(Whereupon, Deposition Exhibit 3 was marked for identification by the reporter.)

MS. REILLY: I'd ask the witness to please examine this.

A. Okay.

Q. (BY MS. REILLY) Have you had a chance to examine this document?

A. Yes, ma'am.

Q. This purports to be a three-page document entitled Hart Retreat Itinerary in the form of a memorandum from Stratton and Associates. Mr. Stratton, do you recognize this document?

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A. I do indeed.
Q. Can you tell me about it?
A. This is a retreat that I largely coordinated in and around February 20th, 1986 in Winter Park at the mountain home of Mark Hogan and --
Q. And -- I'm sorry.
A. And I did all the logistics and arrangement for that event.
Q. Sounds like a lot of work.
A. Yes, ma'am.
Q. Where is Winter Park?
A. It's about an hour and a half west and in the mountains.
Q. And how did you come to put together this retreat?
A. I was asked to be the -- to be the coordinator and the organizer of the logistics by Mark Hogan.
Q. And why did Mark Hogan ask you to do that?
A. Probably because he wanted to be helpful to me in my business, and I had been a supporter of Mark Hogan's in his political career, and he probably viewed me as a person who could make this happen.

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Q. And it did happen.
A. Yes, ma'am.
Q. Did you receive payment for the services that you provided in terms of putting the retreat on?
A. Yes, ma'am.
Q. And who paid you?
A. I don't know all the sources. I mean, I'm sure the records exist and I did -- as income to me, but people who participated put up money, pooled money, to hire me and allow me to buy food, rent vans, get entertainment and make money doing the work, which was extensive for the event.
Q. About how long did the planning phase of this go on?
A. 30 days? You know, that could be a little more, little less.
Q. Can you tell me about the conversation you had with Mark Hogan where he asked you to put together the retreat program at Winter Park?
A. The concept was to get Hart, Hart supporters together to talk about politics, to talk about Hart's Senate career, his possibility of running for president again or not running, the good news, the bad news, talk about national issues, same

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kind of thing that I described earlier that I presume was the basis of these other events.

Q. And how did you go about inviting people to the retreat?

A. I -- I wasn't involved in the inviting, I was involved in the logistics.

Q. Who made the decision about who was invited?

A. I presume Bill Shore, Bill Dixon, Mike Novelli.

Q. And Mike Novelli is who?

A. Mike Novelli was a -- the fund-raiser for the debt retirement as I recall from the '84 campaign.

Q. Did you have conversations with the Hart people regarding the program that would go on at Winter Park?

A. Yes, ma'am.

Q. Can you tell me a little bit about those conversations?

A. Well, they became, you know, the framework of what you see of what we did in events, and we talked about where to hold events and, you know, how many people were going to be there and themes and all that kind of stuff and the same kind

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of stuff I just told you.

Q. Did you have discussions with Gary Hart regarding the event?

A. Not prior to.

Q. At the event did you have discussions with Gary Hart?

A. Yes.

Q. And what were the substance of those discussions?

A. What time to start, what time to end, when we went to dinner, when we...

Q. And any conversations that you would characterize as political?

A. Not personally. Well, sure. You know, it's all political. I mean, getting in the car on time is political as far as I'm concerned. And I'm not trying to be trite, I mean that's what my job was.

Q. Did you have any discussions with him regarding his potential for running in 1988?

A. At this time?

Q. Yes.

A. I -- it was one of the discussion topics at the meeting, with the people in general, not with me in specific.

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Q. Can you tell me a little bit about the discussions that were held at Winter Park regarding Senator Hart's '88 possibilities?

A. Well, there was a lot of discussion about '84 and, you know, what went right and what -- you know, a lot of people like to talk a lot about what went wrong, since obviously it was not successful, and then people talking about should he run or shouldn't he run the next time.

Q. In your opinion what went wrong in 1984?

A. Timing, organization and Walter Mondale.

Q. In that order?

A. Generally in that order.

Q. Who put together the agenda before us, Exhibit 3?

A. I did.

Q. Did you send it out to all participants?

A. I don't know if I sent it out or if I gave it to -- sent the master to Bill Shore and he sent it out. I don't know the exact answer to that.

Q. And who did you consult with in putting together the agenda?

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A. Shore, Hogan.

Q. Anyone else?

A. Not that I can think of.

Q. Approximately how much money did you expend in putting together this retreat roughly?

A. 8 to 12 thousand dollars.

Q. And roughly how much money did you receive for your services?

A. Well, that's how much I collected, 8 to 12 thousand dollars, total, and it probably cost -- I probably made about $2,000, 2,500 hundred -- maybe 3,000 max.

Q. Would you specify, how did people pay to come to this retreat?

A. They paid for their own way out, and you're saying how did they get their -- how did the 8 or 12 thousand dollars come?

Q. I'm not really being very clear. Did they write checks out to you?

A. Yes, ma'am.

Q. And what did you do with those checks?

A. I put them in my operating account and disbursed them based on cost.

Q. And your operating account, is that a special account that you have?

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A. It's just Stratton and Associates.
Q. Can you tell me a little bit about the accounts that you have in Stratton and Associates? You've got the operating account --
A. I just have one, one account.
Q. One account?
A. Correct.
Q. And all the money goes into it?
A. Yes, ma'am.
Q. What bank was Stratton and Associates with in 1987 --
A. Tri-State Bank here in Denver.
Q. And who had signature authority on your checkbook?
A. I did. I'm the only one.
Q. No one else.
A. No, ma'am.
Q. When you were collecting funds from the folks who came to the Winter Park retreat, was there any limitation on the source of those funds?
A. I don't understand.
Q. Did you have a problem accepting corporate funds?
A. No.
Q. Do you recall if you did receive

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corporate funds?

A. Probably.

Q. And why do you think that is the case?

A. Well, I -- I'm pretty confident that I received corporate checks.

Q. And they were deposited into the operating account --

A. That's correct.

Q. -- and disbursed.

A. Yes, ma'am.

Q. And turning to the entry under Thursday, February 20th, it says all attendees met by Stratton and Associates personnel. Did you hire people to do this transportation part of the retreat?

A. Yeah, I hired a -- I had a van company that does -- that that's their business to take people from the airport to the ski areas, and also had a couple of people that worked for Stratton and Associates on a contract basis who met people at their planes and helped them get on these vans and went up to Winter Park from Stapleton Airport.

Q. And how many people attended?

A. 20, approximately, plus or minus.

Q. Do you recall who they were?

A. I recall who some were. I don't recall

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who all were. Do you want me to go through who I recall?

Q. Sure.

A. Can I write on this?

Q. Absolutely. Well, here, let me give you a piece of paper.

MR. HADDON: Write on something else. Unless you want him to write on this.

MS. REILLY: No, no, I was going to give him a piece of paper.

A. Let's see. Mark Hogan, Gary Hart, Bill Dixon, Bill Shore, Mike Novelli, David Stein, Stuart Karl, Steve Moses.

Q. (BY MS. REILLY) I'm sorry, who is Steve Moses?

A. He was a -- he is a guy from California who's a Hart supporter and real estate guy.

Q. Friend of yours?

A. Well, kind of. You know, a lot of these people that you work with in the campaign, I -- you know, become friends, so to speak, but not like a day to day friend.

Steven Moses, his wife.

Q. How about Rick Brown? Was he there?

A. I don't know if Rick Brown was there or

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not. He might have been. Do you have a list? I mean, you know, I -- it's been a long time.

Q. I know. Drawing off the list we have of Monarch Beach --

A. Yeah, let me see. Martha Keys may have been there, she may not have been. Over the years I was at so many things with Martha Keys I don't know. Stuart Karl was there. I don't think his wife was there. John Emerson was probably there but I'm not sure.

I don't remember -- Jim Barrett might have been but I'm not sure. Don Montgomery, I don't think he was there. Doug Rosen wasn't there. Norm Brownstein wasn't there. Mark Hogan was there. Mike Medavoy wasn't. John Peterson I said I don't know. David Stein, did I say him?

Q. You said David, yes.

A. David Stein was there.

Q. What about Elly Segal, who was he?

A. Eli.

Q. Eli, sorry.

A. Eli Segal was there.

Q. Who is he?

A. He was a guy from Boston who I think is in the computer and direct mail business.

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Q. Do you know Al Gersten?

A. Yes, I do. Gersten was there also. And also his wife was there. Marilyn Gersten I think is her name.

Q. So it sounds like there's roughly 20 to 25 people possibly?

A. Yeah.

Q. Tell me a little bit about the strategy discussions you had at Winter Park.

A. Same thing I just told you earlier.

Q. Nothing different?

A. No, ma'am.

Q. Is there a sense of momentum as time is marching on here, it's February of '86, any sense that Senator Hart would be running in '88?

A. Well, there was still a big issue about running for reelection in the Senate and there had not been any determination about whether or not he was going to run for reelection or not run for reelection for the Senate.

Q. And can you tell me a little bit about those discussions?

A. Same as described earlier.

Q. In terms of to run or not to run?

A. Yes, ma'am.

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Q. Did you express an opinion regarding whether he should run or not for Senate?

A. I think I probably gave a devil's advocate position not -- at that time -- my job at this thing was not like a participant. There are a lot of logistics here, the food had to come, the cars had to come.

I was not -- one of the things that I did historically with the Hart campaign is I was kind of the significant advance person, a logistics guy, the luggage guy, the car guy, the train runs on time guy, and -- which is -- might be viewed as a menial but significant job.

Q. So did you attend the meetings?

A. I was in and out of the meetings. I didn't like sit in and participate. I was in and out as we had -- you know, we had food coming, you had hotel people -- not all people came at the same time, airport runs, all that kind of stuff, so I was in and out of those sessions during that weekend.

Q. Did the Winter Park group produce a document of any sort?

A. I think that there was some kind of big bound document that was called actually the Winter Park group, which I saw but never had a copy of and,

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frankly, I didn't bother to read.

MS. REILLY: If you could mark this as Exhibit 4, please, and hand it to the witness.

(Whereupon, Deposition Exhibit 4 was marked for identification by the reporter.)

Q. (BY MS. REILLY) And I'd ask you to take a look at that, please.

Have you had a chance to examine this document?

A. Yes, ma'am.

Q. Do you recognize it?

A. Well, I think this was one of the inserts or part of the document you spoke of that -- that the participants from Winter Park produced post Winter Park and obviously by August of '86.

Q. And in the upper right-hand corner it indicates that it's a draft.

A. M-hm.

Q. Do you know if there was ever a final document?

A. I don't know the answer to that.

Q. Can you tell me a little bit about the process that the people at the Winter Park retreat decided to put together this?

A. Not really. I think my recollection of

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it is that the people at the retreat continued to meet in other groups to talk about developing this and this larger document you're talking about, and I was not part of that.

Q. And why weren't you part of that?

A. Well, because I was the logistics guy.

Q. And were you interested in helping to put together the '88 business plan?

A. Probably not.

Q. What did you understand the objective to be of the proposed Gary Hart 1988 business plan?

A. Well, I speculate because I really didn't participate in this thing, that it was relative to putting together a framework of what would have to be dealt with if Hart were to run again in '88.

Q. When people left Winter Park, was it your understanding that the participants believed that Gary Hart would run for president in 1988?

A. No, there was no -- up until -- I mean, up until Hart announced in April of '87, it was very unclear whether -- whether he was going to -- you know, the announcement date in '87 was changed several times because he kind of changed his mind and he didn't even make up his mind about not running for

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the Senate till -- till very, very late.

Q. Did you have any discussions with Gary Hart regarding whether or not he would run in 1988?

A. As I said to you before, I have probably had various discussions with him, maybe not at Winter Park but at other places, where, you know, I had the devil's advocate of, you know, the advantages of running for reelection to the Senate versus not running for reelection to the Senate and running for the presidency or not running for the presidency.

Q. Did you have any discussions with Bill Shore regarding the issue of whether Gary Hart should run in '88?

A. Yes.

Q. Can you tell me a little bit about those?

A. Same kinds of things, devil advocate stuff, you know, Hamlet, to be or not to be.

Q. Was it your impression that Bill Shore felt one way or another, that Gary Hart should run in '88?

A. I think Bill Shore was more of an implementer than a strategic decider.

Q. Was it your impression that anyone

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around Gary Hart in 1988 -- I'm sorry, in 1987, '86, felt that Gary should run for president in '88?

A. Oh, I think there were tens of thousands of people around the country that thought he should run for reelection and they expressed that to him daily in phone calls and letters and wherever he would, you know, show up on the street, in appearances whatever, so I think he got more than -- more than a singular voice of that he should run for president.

Q. What about the smaller group surrounding him at the retreat functions? Did you have a sense that any of them felt that Gary Hart should run in '88?

A. I assumed that a lot of them thought that he should. I think there was probably -- there are also a number of people who thought he should just stay in the Senate and that he could be -- that his voice in the Senate was needed and he should just stay in the Senate.

Q. Were these people who were at the retreats who had the view that Gary Hart should stay in the Senate and not run?

A. Yeah, I think there are always people who are Hart supporters around who thought that.

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Q. Can you identify them?

A. No, not specifically. But, I mean, there were a lot of people who would argue that a Senator really can be more impactful on specific legislation than the president, and in the, you know, policy world of legislation, many people think that that's a priority.

Q. Any of the folks that we mentioned at Winter Park, do you recall any of them expressing that sentiment?

A. I don't know the answer to that question, but I know that at Winter Park, as any other meeting I was ever at, there were -- it wasn't like a rarity for somebody to say, well, it costs too much to run for president or you can't really do that much if you're president, stay in the Senate and be an effective voice for various issues.

Q. But you don't recall specifically who said that.

A. No, ma'am.

Q. Now, you stated that it was your understanding that after Winter Park participants met in small groups, is that correct?

A. Either they met or they talked over the phone or whatever. Some group of them, and I can't

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name that group because I don't know, came up with this document and a larger document that was this plan.

Q. Did you have any discussions with anyone regarding the plan?

A. Sure. Shore, Dixon. Shore and Dixon.

Q. Anyone else?

A. Not that I recollect.

Q. Can you tell me a little bit about the conversations you had with Bill Shore regarding the business plan?

A. I was aware that people who'd been to Winter Park, and I don't know if it was just limited to Winter Park participants, were working up a draft here's the blueprint of what you have to deal with to run for president.

THE DEPONENT: Can I ask you to turn the heat up or turning the air conditioning down?

MS. REILLY: Let's go off the record for a second.

(Whereupon, there was discussion outside the record.)

Q. (BY MS. REILLY) I'm sorry. We were discussing the conversations you had with Bill Shore regarding the Winter Park proposal?

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A. Correct.
Q. And those conversations were?
A. Exactly what I just stated.
Q. Could you restate it for me?
A. Yeah. It was -- well, I couldn't say any more than I just said on the record.
MS. REILLY: Could you read back what he said?
(Whereupon, the answer on page 65, line 12, was read by the reporter.)
Q. (BY MS. REILLY) And Bill Shore, what were his thoughts regarding the Winter Park document?
A. That it was being -- it was being worked on.
Q. And you said you discussed it with Bill Dixon?
A. In passing.
Q. And what was the substance of that conversation?
A. Same -- same thing.
Q. That it was being worked on.
A. Correct.
Q. Anything else?
A. Not really. I wasn't -- I wasn't involved and I probably didn't -- wasn't particularly

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concerned with it.

Q. Just so that I'm clear, the impression that I'm getting is that your activities at Winter Park were primarily dealing with the logistics of all of it?

A. That's correct.

Q. Were you something other than an active participant at Winter Park?

A. What does that mean?

Q. That you didn't attend all of the meetings of --

A. That's right. I didn't attend all the -- well, I came in and out of, you know, various meetings, and there were certain ones that I wasn't at at all because I was facilitating rooms or meals or airport arrivals or departures.

Q. Did there come a time when you became more active in the retreat program in terms of participation?

A. This was my role. That was my role. That was what I did.

Q. And did that role remain constant during the retreat program?

A. As I recall, I was only involved in one other besides this, and that was one in -- in the

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summer of '86 in Denver.

MS. REILLY: Off the record.

(Whereupon, there was a recess.)

Q. (BY MS. REILLY) Are you familiar with an organization called the Volunteer Committee?

A. Somewhat.

Q. Can you tell me a little bit about it?

A. My recollection of the Volunteer Committee was it was an organization that was formed in '85 or '86, I don't know the specifics, that was involved with activating the Hart organization to be helpful to democratic candidates in the fall elections of '86.

Q. And it's your understanding that it was formed to help democratic candidates in '86 as opposed to Senator Hart in '88?

A. Right. I think there was some, you know, natural evolution that it -- that, you know, that if people stayed involved they'd stay involved.

Q. Meaning if they stayed involved -- if they were involved in '86 they would be available in '88?

A. Or there'd be some greater likelihood that they -- that they'd be -- would be involved.

Q. Do you know who formed the Volunteer

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Committee?

A. Like the incorporators?

Q. Yes.

A. I would assume Mike Moore. I assume that. I don't know that.

Q. And who is Mike Moore?

A. He was the treasurer of the Hart committees.

Q. By committees you mean the '84 and '88?

A. Yes, ma'am. I assume he was. I assume he incorporated them or whatever. He was an accountant and lawyer person.

Q. What was the relationship of the Volunteer Committee to Americans with Hart?

A. Well, I get confused between Americans for Hart and Friends of Hart so would you --

Q. Americans with Hart was the '84 one.

A. Okay.

Q. Friends of Gary Hart is the '88. If you think of alpha, the A comes first.

A. Okay. Then the first one, '84, had a -- was involved in getting people recruited to -- people who were involved with the first one helped organize the Volunteer Committee.

Q. And who were those people?

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A. People from around the country who were democratic activists largely.

Q. Can you name anyone specifically?

A. No. But I -- I know there were a lot of people around the country who were involved in the '84 campaign, and then there were also people who were involved in the '84 campaign who got involved because of the '86 elections and the '86 election was -- you know, it was a big -- big deal, it was an off year election. Generally the party that loses the presidential election does better in the off year election.

And so I think there was an optimism that Friends of -- that Americans with Hart would get people plugged into the Volunteer Committee and the Volunteer Committee could help make an impact for democrats in the Congress in particular in the '86 elections.

Q. Now, did Stratton and Associates have a role with the Volunteer Committee?

A. We coordinated a retreat for the Volunteer Committee in the summer of '86 here in Denver.

Q. Anything else?

A. Not that I recall.

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Q. You didn't do any contracting with them?

A. Just that, at that time.

Q. And so you didn't have a relationship with them as a vendor other than the July retreat, is that correct?

A. I don't believe so, no.

Q. Did you have any discussions with Gary Hart regarding the Volunteer Committee?

A. Not directly, no.

Q. Did you have any indirect discussions with Gary Hart regarding the Volunteer Committee?

A. I was at meetings where he and -- talked about his hopes for the Volunteer Committee and the -- again what I said, that the Volunteer Committee could be helpful in the off year elections.

Q. And where were those meetings held that you mentioned where you saw Gary Hart?

A. Here in Denver, in the summer of '86.

Q. Was that the event that you went to?

A. Yes.

Q. Did you hear Gary Hart discuss it at any other time, the Volunteer Committee?

A. No. That was my Volunteer Committee experience.

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Q. Totally.

A. Except continuing obviously.

Q. Any discussions with Bill Shore relative to the Volunteer Committee?

A. Relative to the summer retreat of '86.

Q. What about Mike Novelli?

A. Same.

Q. What about Bill Dixon?

A. Same.

Q. What about Sue Casey?

A. Same.

Q. Did you speak with anyone in the Hart organization regarding the Volunteer Committee other than planning the July '86 event?

A. You know, I was aware that -- aware of what -- you know, what was going on with the Volunteer Committee, that they were, you know, working to, you know, target the races that were winnable for Democrats in '86 and trying to get people to help in those elections and trying to get Senator Hart scheduled to help campaign for people that had a shot at winning in '86 in the congressional and senatorial races.

Q. Who would you identify as sort of the movers and shakers of the Volunteer Committee?

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A. Sue Casey maybe, Bill Shore I presume.
Q. Anyone else?
A. Bill Morton.
Q. And who is Bill Morton?
A. I'd mentioned him earlier. He was a guy who used to work for Senator Hart and now works for the DNC.
Q. What about Oliver Hinkle?
A. I don't recollect Oliver Hinkle being involved with the Volunteer Committee or being active post '84. I think he went back to his law practice or business or whatever he does or did or continues to do in Cleveland.
Q. Do you know Bernie Schneider?
A. Yes, I do know Bernie Schneider.
Q. Was he active in the Volunteer Committee?
A. I don't know the answer to that. He may have been. I don't know. I know him -- I know Bernie Schneider from the -- from the Hart 3 as I call it, when Senator Hart got back in in late '87 and Schneider was -- I think became an officer or treasurer or something of Friends of Hart -- that's the last one? Is that correct?
Q. Friends of Gary Hart in 1988.

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A. Yeah.

MS. REILLY: At this point I'm going to hand to the court reporter Exhibit Number 5 and ask her to mark it, please.

(Whereupon, Deposition Exhibit 5 was marked for identification by the reporter.)

MS. REILLY: I'm going to hand it to the witness and ask him to please take a moment to examine this document.

A. Okay.

Q. (BY MS. REILLY) You've had a chance to review it?

A. Yes, ma'am.

Q. Do you recognize it?

A. I do.

Q. Could you describe it, please?

A. It's an agenda that I developed for the retreat that I talked to you about -- spoke to you about earlier.

Q. And this is the Denver retreat?

A. Yes.

Q. Is that how you generally refer to it or is it the July retreat or...

A. I don't really refer to it.

Q. At the bottom of the page, there are

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two addresses, one's in Bethesda, Maryland?

A. Yes, ma'am.

Q. Did you have an office in Bethesda, Maryland in 1986?

A. Yes, Mr. Durante, who we do work with, allows us to hang our shingle at -- that was his home. And we work when we're doing work in Washington, which is mostly congressional lobbying work in particular, in the alternate energy area. That's where he lived at that time and what we called our Washington office.

Q. And the memo that was sent out, who did you send it to?

A. Well, I prepared this and I presume that Casey, Shore, Morton, et al. sent it out to all the people that were invited.

Q. When were you first approached and asked to put together the Denver retreat?

A. Probably earlier, sometime in the spring of that same year.

Q. And who approached you and asked you to do it?

A. Bill Shore.

Q. Can you tell me a little bit about that conversation?

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A. Bill said they wanted to do a Volunteer Committee event in Denver, get people from around the country to come into Denver and get a seminar, if you will, on the Volunteer Committee and what the hopes and aspirations there were about the Volunteer Committee for the fall elections.

Q. Did he --

A. And they asked me to do what I do as you're increasingly understanding, the logistics of said event.

Q. Now, at the time that you had this conversation with Mr. Shore, how many people were roughly expected to attend?

A. 75, 80, a hundred. I don't know the exact number. I'd say plus or minus a hundred people.

Q. And how many people actually attended?

A. Probably about that same number.

Q. Now, could you tell me a little bit about how the finances were handled for this?

A. Exactly the same way as -- as my involvement with the Winter Park event, and I was, you know, contracted with and we took in money from various people and I've seen the -- that's where this rebate thing that I'm sure that you're headed that

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way came to be, and I collected money, put it into my Stratton and Associates account, and paid for, you know, food and transportation and the costs of staging these events from those funds.

Q. Now, did people pay the hotel directly for their lodging?

A. I think so. I think that I was able to get a good rate at a hotel in Denver, and -- you know, it was not that great a rate but a pretty good rate, and we got a limited number of rooms and a lot of people doubled up and they paid for the hotel rooms.

Q. So they paid the hotel directly for the room was your understanding.

A. That's my recollection, yes.

Q. And did you make other expenditures for this event?

A. Yeah, buses and food and -- buses, food, I don't know about entertainment, I'm trying to recall that. Transportation, food and, you know, room costs for stuff.

MS. REILLY: I'm going to hand to the court reporter Exhibit Number 6 and ask her to mark it for me, please.

(Whereupon, Deposition Exhibit 6 was

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marked for identification by the reporter.)

Q. (BY MS. REILLY) I'd ask you to take a moment and examine that document, please.

A. Okay.

Q. Have you had a chance to examine this document?

A. Yes, I have.

Q. Do you recognize it?

A. Yes. I haven't seen it since -- since this time but I -- you know, I don't like, oh, yeah, this is -- but, you know, I -- I recollect this is being the agenda from that event.

Q. And the agenda for that event would be the agenda for the July retreat in Denver, is that correct?

A. For the Volunteer Committee.

Q. Did you write this agenda?

A. No, I don't think I did. Well, I kind of did. I think this was probably produced in Washington by somebody with input with me on, you know, times and when we had to do things and the buses and the meals and the stuff like that. But I did not produce this agenda.

Q. But you had input into it.

A. About the logistics.

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Q. Do you recall who else helped to create the agenda?

A. I presume Bill Shore and I don't know who -- you know, Bill Morton probably, Bill Dixon, I presume. I don't know -- I don't know for sure who produced or was the actual drafter of this agenda.

Q. Now, you stated that you thought you made payments for rental cars, is that correct, for this event?

A. Probably, yeah. Probably rental cars, maybe some vans, and certainly some buses.

Q. Did you make any expenditures to the Northglenn Travel Agency?

A. Yes.

Q. And what were those for?

A. Buses.

Q. Buses. And then did you make any payments to the hotel itself?

A. Probably. For rooms and food. I'm sure I did. I don't know how much. I don't recollect how much.

Q. Did you attend --

A. Yes.

Q. -- the event?

A. Spent most of my time out in the hall.

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Q. What were you doing in the hall?

A. Coordinating food, logistics, rooms, transportation.

Q. If we could turn to page 1, it notes on Friday evening, 4:30 to 6:15, a reception sponsored by the Colorado Host Committee. Who were members of the Colorado Host Committee?

A. Mostly people from the Colorado Democratic Party who were just kind of a group of people to welcome this group, which is largely from out of state, to Denver.

Q. Can you identify anyone who would be a member of that group or who was a member of that group?

A. Whoever the state party chairman was at that time.

Q. Was Mr. Sewell the chairman then?

A. I don't know if he was or not. It might have been --

THE DEPONENT: Do you know who was chairman before Bowie? Was it Hogan?

MR. HADDON: Maybe Bormalini.

A. Might have been Ann Bormalini, who was the -- I think Ann Bormalini was the state chair then, I'm not positive, but it's certainly of record,

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and her, you know, kind of key party people. If you had a list of the central committee of the state party at that time, that's who those people are.

Q. So essentially it would be people associated with the Colorado Democratic Party as opposed to Americans with Hart or the Hart --

A. Right.

Q. -- '84 committee?

A. Right.

Q. On Saturday at 9 a.m., did you attend the welcome by Bill Dixon?

A. Probably, but again I was mostly out in -- yeah, I'm sure I was there. I don't recollect what Bill Dixon had to say because I was with the volunteers and the workers and the hotel people, you know, coordinating for the lunch and the activities that had to happen logistically.

Q. And what about the next entry regarding Bill Shore and Bill Dixon? Did you attend that one?

A. I was probably again in and out.

Q. Do you recall attending any discussion that weekend for the full-time period of the presentation?

A. No, I -- clearly I was not in any of these sessions for the whole time. I mean that

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involved like sitting down, listening, you know, taking notes as some people did, and participating, and that was not my deal.

Q. What about the Panel II from 11:15 to 12 regarding delegate selection procedures? Did you attend that one?

A. I was in and out of every one of these.

Q. I'm going to ask you if you would page through page 2 and if you can tell me if you were at -- recall being at any of those panels?

A. Well, like I said, I was in and out of probably every session at one time or another, bringing in messages, expediting people on the schedule that they stayed on time because of various logistical requirements, and maybe -- maybe in the afternoon session I wasn't there at all because I was probably getting Hart to the event.

Q. Did you drive him to the event?

A. I might have.

Q. Did he fly in from somewhere for this?

A. No, he was here.

Q. In Denver?

A. Correct.

Q. So you would have picked him up at his home?

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A. I either brought him or met him, but clearly got him into the event.

Q. Do you recall walking into the room with him?

A. Probably walking him to the door.

Q. And leaving him at the door?

A. Correct.

Q. Did you hear his speech?

A. Probably not.

Q. And why is that?

A. I was doing the logistics and it wasn't my job to listen to the speech, it was my job to make sure that there were no snafus with the logistics.

Q. Were there any snafus with the logistics?

A. Not that I'm aware.

Q. Did you go to the brunch at Troublesome Gulch the next day?

A. Yes.

Q. What can you tell me about that?

A. We bused people up to Troublesome Gulch and had a, you know, picnic brunch type event in the Harts' yard, if you will.

Q. Aside from your logistical activities, did you have any political discussions with anyone

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over the course of this weekend?

A. Sure. A lot of these people I knew from the '84 campaign or from, you know, other politics separate from Hart nationally, you know, some of these people I had known from Carter, and those people that were from Colorado I knew from like other life situations, and since it was a political meeting we talked a great deal about politics in general and, you know, Hart and the Volunteer Committee in '86, in '88 and the world.

Q. Did you have any specific discussions with anyone regarding Gary Hart's presidential ambitions in 1988?

A. I'm sure I did.

Q. Did you discuss anyone else's chances in 1988?

A. I'm sure we did.

Q. Were any of the members of the Volunteer Committee that you had discussions with supporters of a candidate for 1988 other than Gary Hart?

A. Yeah, I think there were people that were supportive of Kennedy, some people that were uncommitted if you will, and I think some people that were supportive of Jesse Jackson.

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Q. On page 1 of the agenda, the first entry, Bill Dixon, he was associated with Americans with Hart, is that correct?

A. That's the third -- the --

Q. First one. 1984 committee.

A. I think as a volunteer. I don't know that he was officially involved in '84. I think he worked as a lot of people as kind of a supporter type in his native state of Wisconsin.

Q. And the 9:15 a.m., Bill Shore, he was a Hart supporter in '84, is that correct?

A. In a more official capacity.

Q. And then under the 10 a.m. entry, Mike Moore, he was treasurer of Americans with Hart, is that correct?

A. Well, I asked you that earlier, and I think the answer was that he was the treasurer of these committees, as I -- I believe. I'm not -- that's again, you know, not my specific area, but I assume that to be correct, yes.

Q. Or at a minimum a Hart supporter.

A. Well, I think he was an official guy.

Q. He was an official in some capacity in the campaign.

A. Yes, ma'am.

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Q. How about Richard Wagner?

A. I think Richard Wagner was involved with the debt retirement of '84. I never knew him very well.

Q. But he was involved with the Hart committee.

A. Yes, ma'am.

Q. How about Jack Quinn?

A. Jack Quinn is a Washington lawyer.

Q. And did he render legal advice to the Hart committees?

A. I believe so.

Q. Do you know what law firm he's with?

A. Arnold and Porter, or used to be.

Q. And then Bill Morton we've discussed under the 11:15 entry. He was a Hart supporter.

A. Correct.

Q. And on page 2, at 1:30, John Mills. Did we identify him previously?

A. John Mills was the speaker of the Florida legislature.

Q. Was he a Hart supporter?

A. Yeah. Oh, yes. Yes.

Q. And John John Emerson was a Hart supporter, that's correct, yes?

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A. Yes.
Q. And Sue Casey?
A. Yes, although she was I think -- yes, at that time she was -- I think she was the most -- she was very involved with the Volunteer Committee.
Q. And Chris Brown?
A. I don't know that much about Chris Brown. I know he was from New Mexico.
Q. But a Hart supporter.
A. I presume. I don't think he was in '84. I think he might have been a Mondale guy.
Q. Was he involved with debt retirement?
A. I don't think so. He's an organizer.
Q. Does he have his own company?
A. I think. I'm not sure.
Q. How about the next name that appears, John --
A. Kulewicz.
Q. K-u-l-e-w-i-c-z?
A. I've seen his name, I think I've met him once, but I don't really know that much about him. I think he might be from Chicago or someplace in Illinois, but I don't really know that much about him.
Q. Did you meet him in your capacity with

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the Hart committee?

A. Probably.

Q. And Rick Ridder we've identified before --

A. Right.

Q. -- as a Hart supporter?

A. Right.

Q. What about Greg Lebel?

A. Yes, Greg Lebel is a Hart person. I think he's from New Hampshire.

Q. Then we have Doug Wilson. He's a Hart supporter also, yes?

A. Correct.

Q. Chris Phillips?

A. Yes.

Q. Kevin Sweeney. Who was he?

A. Press secretary.

Q. To Senator Hart?

A. Correct.

Q. And he would be press secretary in the Senate office?

A. I don't know if he was press secretary in the Senate office or -- then or not. I know that he became the press secretary of the campaign.

Q. How about David Dreyer?

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A. David Dreyer was the guy who was the issues director of the campaign.

Q. So it looks to me, with the exception of Chris Brown I think, we've identified everyone on all of these panels as Hart supporters, is that correct?

A. I think that's correct.

Q. Did you solicit anyone for the costs that you incurred for this event, the July --

A. As I told you a couple times before, I did it exactly the same way as Winter Park.

Q. Did you ask anyone to make a special effort to give more money?

A. What do you mean a special effort to give more money?

Q. In other words, to cover the costs, say, of the bar bill or something like that?

A. Well, we solicited the volunteer -- the host committee and we solicited -- and I mean we as the whole group, not me specifically. I think I may have solicited the host committee to help cover the cost of their event.

MS. REILLY: I'm going to ask the court reporter to please mark this for an exhibit.

(Whereupon, Deposition Exhibit 7 was

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marked for identification by the reporter.)

MS. REILLY: I'm going to ask the witness to please take a moment and examine this document.

Q. (BY MS. REILLY) Have you seen this document before?

A. No, I have not.

Q. Can you describe it for me?

A. Well, Richard Wagner, who was a guy who was involved in debt retirement, seems to have sent a memo to whoever Rama White is relative to Stuart Karl, who I presume this is Stuart Karl, the Stuart Karl, because Stuart Karl I know helped out, to help with the event.

Q. One thing I've never understood. Why didn't people just make their payments directly to the Volunteer Committee?

A. Because I was making -- this -- I was -- I -- the only way that I could do this is if I made some money to do it, because it took a lot of time and I just couldn't do it for free, because I'm not a wealthy person, for one thing, and so for me to put the time and effort into it I had to make some money, and so I received money to do these things, and so that was how -- how it was organized

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financially.

Q. Now, at the time that you undertook to put together the retreat for them, the July retreat, you were working for the Volunteer Committee?

A. Well, I was coordinating the Volunteer Committee event.

Q. Right. In other words, they were the persons who had essentially hired you to put the event on, is that correct?

A. Right.

Q. And you knew that they were a federal political committee, right?

A. I guess. I don't know the answer to that. I mean, you know.

Q. And I guess what I don't understand is, why didn't people just make their checks payable to the Volunteer Committee and the Volunteer Committee could have in turn paid you a fee?

A. Probably because this is how it worked best for me.

Q. Did you --

A. And I reported all this as income.

Q. Did you request that the event be functioned this way, that you would take money in, make payments out and make money on it?

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A. Well, that was a known thing. I couldn't have done it otherwise.

Q. And I'm not challenging the profit motive as opposed to the mechanism that you got there.

A. Right.

Q. Could you have instead had people make payments to the Volunteer Committee and have the Volunteer Committee pay you?

A. I don't know the answer to that.

Q. Have you ever done it that way before, had people made payments directly to the political committee and you in turn be paid by the committee?

A. Well, the only federal -- it's different in a state race where there's no limitations of things, so I -- I don't know the answer to that. But this is what worked best for me. I know that. And that was an important thing because it took a lot of my time and effort.

Q. How much time and effort did it take roughly?

A. Quite a bit. You know, I worked on it over the course of probably, you know, like 30, 45 days or something like that.

Q. Did you hire anyone to assist you with

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this?

A. Yeah. As you can see from one of these memos you gave me, I had some other people involved on a -- kind of on a contract basis.

Q. Who were those people?

A. The people listed, Will Dupree, Paula Haikara and Kemetka Jordan.

Q. Anyone else?

A. I think those are the only people that were paid anything. The, you know, hotel people were involved, the transportation people were involved, they all had, you know, personnel that were -- were involved, you know, a lot of bus drivers, not a lot of bus drivers but I think we had three buses, I and all the hotel catering and food people.

Q. Will Dupree, who is he?

A. He's my partner, my business partner.

Q. Right now.

A. At that time he was a much younger guy who was doing some part-time work for my firm and also trying to, you know, start his own business, which wasn't particularly successful, and then worked -- worked off and on increasingly more regular, and then in 1990 he and I became the partnership that owns my current business Stratton,

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Reiter, Dupree and Durante, and he and I are 50-50 partners in a general partnership in that.

Q. What activities did he do relative to the --

A. Luggage, logistics, transportation.

Q. Is that true for the other two individuals listed there?

A. Absolutely.

Q. And you were the point person?

A. For the logistics, yes, ma'am.

Q. And who did you coordinate with on the Hart committee -- I mean with the Hart organization on this?

A. Shore, Bill Shore.

Q. Anyone else?

A. Mostly Bill Shore.

Q. Now, we discussed in the earlier retreat at Winter Park that there had been you were confident corporate checks that had come in for the event. Was that also true here?

A. Yes.

Q. And do you recall the corporations who submitted checks?

A. Not all of them, but I think you're about to show me some of them and I've seen those --

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a couple of those this morning at -- ones that I rebated back to after Mike Moore determined that some of the Volunteer Committee activity should be -- I don't have the right word, prorated maybe, towards the exploratory campaign.

Q. Was Irv Torrell one of those people?

A. Yes.

Q. Al Gersten?

A. Yes.

Q. David Stein?

A. Yes.

Q. Mr. Broadhurst?

A. Correct.

Q. Mr. Carlson?

A. Probably. I mean, if you've got the list, I mean, I'll say -- you know, I don't exactly know. I'll say yes to whoever you want me to. I'm not trying --

Q. No, I would prefer that you testify based upon what you remember. Was Stuart Karl one of them?

A. I'm pretty confident, yes.

Q. Can you tell me a little bit about the discussion you had with Mike Moore regarding the attribution of the event to the Hart committee?

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A. Well, I never really had much of a conversation with Mike Moore. At some point I guess -- this is my understanding, not firsthand per se -- that at some point Mike Moore and David Miller, who was the chief financial officer of the campaign, decided that to be safe relative to the reporting and contribution requirements, that some portion, and I don't know exactly what portion -- I mean this was -- I wasn't a fund-raiser, financing, compliance guy so I don't know what their theory was per se, they determined that some portion of the activities of the Volunteer Committee at the July retreat should be attributed to the exploratory presidential campaign.

And therefore they directed me to rebate money to certain individuals or companies, and I guess you've got -- I presume -- because I've seen this before because I've -- I gave a deposition -- a written deposition about this once before -- that I was supposed to give -- write checks back to I don't know how many -- you know, three, four, five different entities, and so don't hold me to the number --

Q. Sure.

A. -- because whatever those were that I was told to do, I wrote checks from my operating

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account, which I had taken the money into, and wrote whatever amount that I was told to write back to those companies or individuals, and I did that and then I was reimbursed for that money by the campaign, by the exploratory campaign.

Q. And you say that you were reimbursed for that money by the exploratory campaign. By exploratory committee I'm not sure what you mean. Do they write you a check --

A. Yes.

Q. -- for what had gone out?

A. Yes, that's correct. They wrote a check to me, to Stratton and Associates, for whatever the amount of money was that I wrote to these individuals or companies, the ones that they told me to.

Q. Was it Mike Moore who directed you to write the checks?

A. Well, it was -- I know it was Mike Moore's decision. I think it was Patty Sampers or David Miller that, you know, had me do it.

Q. And when you wrote the checks, what did you do with them?

A. What did I do with what?

Q. The checks. Did you mail them, did you

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give them to Patty Sampers?

A. I guess they -- I guess -- you know, either I mailed them or the campaign mailed them or they were mailed to the people that I'd written them to.

Q. Did you have any conversations with anyone to whom you sent a rebate check?

A. I didn't but I think the campaign did.

Q. And why do you think the campaign did?

A. To inform them why they were getting this money and that -- that they had determined -- Mike Moore had determined that some of the activities, the Volunteer Committee at the retreat, should be considered exploratory '88 campaign activities.

Q. Did Mike Moore explain to you how he reached that determination?

A. Not to me personally, but the understanding I just gave you is what I was told was his theory.

Q. And who told you that?

A. Patty Sampers or David Miller. I mean, I might have had a passing discussion with Moore that we're -- you know, geez, we're doing this because we think that we ought to attribute part of that -- part

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of those expenditures for the campaign. And I know that it was a -- all the -- I mean, I think the -- I'm sure the reason you know all this is because it was put in the campaign records about why this was done. That's what I was told.

MS. REILLY: I'm going to ask you to mark that as Exhibit 8 and 9.

(Whereupon, Deposition Exhibits 8 and 9 were marked for identification by the reporter.)

Q. (BY MS. REILLY) I'm going to ask you to take a moment and review these documents, please.

A. Okay.

Q. You've had a chance to examine them?

A. Yes, ma'am.

Q. Turning to Exhibit 8, please, which purports to be a check drawn on the Gersten Companies for $2,500 --

A. Right.

Q. -- to Stratton and Associates dated June 17th, 1986, $2,500, page 2 looks like a requisition form of some sort. Do you recall getting this check from Stratton and Associates in June of 1986?

A. To Stratton and Associates.

Q. To Stratton and Associates.

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A. Yes, ma'am.

Q. Can you tell me a little bit about that?

A. It was one of the checks that came in to help pay for the event as I've previously described.

Q. And then Exhibit 9, page 1 is a check from Albert Gersten to Stratton and Associates dated March 26th, 1987?

A. Yes, ma'am.

Q. And the second page is a check from Stratton and Associates to Albert Gersten noted July '86 retreat rebate?

A. Yes, ma'am.

Q. Does this refresh your recollection regarding how you were reimbursed for the funds that went out of your corporation that you rebated --

A. It's not a corporation.

Q. Not a corporation. Out of your company that you rebated to these corporations?

A. I need no refreshing. It's exactly what I described to you before.

Q. Well, I'm a little confused because you did testify that the campaign reimbursed you for the money that you sent out, and I guess my question is,

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could the individuals have sent you the money instead?

A. Well, I believe that the campaign had reimbursed me, but according to this check, this check was written 3-27 which was in concert with the same time I wrote a check to Gersten.

Q. Did you borrow money from Mr. Gersten for any other reason during this period?

A. No, I didn't. Well, clearly this shows that I got this check from Gersten. So I was wrong about this Gersten check. This is clearly a check I wrote, and maybe the -- maybe the -- you know, I'm speculating, maybe the reason is the issue of a personal check and a corporate check. I don't -- I don't have a better answer for you.

Q. Did you ever borrow money from Mr. Gersten?

A. No.

Q. In 1988?

A. No.

Q. Did you have a business relationship with him?

A. No. I think Gersten probably was helpful with legal costs that I had in '87 or '88.

Q. And what were those legal costs for?

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A. For Mr. Haddon's services.

Q. And what was that related to?

MR. HADDON: That's privileged. I'll instruct the witness not to answer that question.

Q. Was it for a political purpose that you hired Mr. --

MR. HADDON: Same instruction, same objection.

Q. Was Mr. Haddon your counsel at that point?

A. Yes, ma'am.

Q. And you stated that you received money from Mr. Gersten for legal fees?

A. Yes, ma'am.

Q. And that you didn't have a business relationship with Mr. Gersten?

A. Not really, no.

Q. Did you ever provide any services for him in terms of marketing?

A. I provided a whole portfolio of real estate type promotional information, marketing stuff for him probably in '87 or '88. He's a real estate developer.

Q. Was that in exchange for funds that he gave to you for legal fees?

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A. I think there was some, you know, consideration of that. He was helpful to me and so, yeah, I -- yeah.

Q. Were you involved with a chicken franchise at any point?

A. Chicken franchise?

Q. Yes.

A. No, ma'am.

Q. Was --

A. That's a real thing?

Q. Yes.

A. Okay. I'm sorry.

Q. Was Mr. Gersten?

A. Not that I'm aware of.

Q. Were you involved in any way with the entertainment industry?

A. With Mr. Gersten?

Q. No, you yourself personally.

A. Well, I've done PR for people in the entertainment business.

Q. Singers?

A. Uh-huh. I did public relations and promotional work for a singer by the name of Lannie Garrett.

Q. Did you discuss her with Mr. Gersten?

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A. Absolutely. I sent -- tried to get Mr. Gersten to consider her for -- Gersten along with any number of other people I think were solicited by me for supporting her efforts to cut a record and get into Hollywood and things like that.

Q. Did she ever cut the record?

A. Not because of the Gersten thing that I'm aware of, but she did go on to do a record.

Q. So if I understand you correctly, your activities regarding both of these retreats was essentially limited to logistical activities?

A. Yes, ma'am.

Q. That you were a paid vendor for the campaign in that capacity or independent contractor?

A. Well, I was paid by those individuals who I took in funds for to do the retreat, I made my money on the difference between what was paid out and what was collected, and, you know, later I did this rebate thing as directed. And I -- I -- I've got to tell you I'm unclear about this Gersten deal right here.

Q. Could you go back and check your records for us and determine whether and how much the campaign gave -- if the campaign did give you money at that time for checks you have written?

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A. I have turned over all of my stuff on this, all of the stuff I had, to the campaign.

Q. You don't have it anymore.

A. No, ma'am. I've turned it all over to Patty Sampers and a guy by the name of Jim Downham, who were working on this issue.

Q. And the check that Stratton and Associates wrote to Al Gersten, Jr., check number 3255, that's your handwriting?

A. Yeah.

Q. Your signature?

A. I mean, I'm only speculating, but I think -- if -- what happened here is it seems -- this check that he sent me in '86 was a company check, somebody determined that that wasn't appropriate to come from a company, and so they had these checks written this way. This was all -- this was all done at the direction of the campaign and I did as I was told.

Q. In terms of Mr. Gersten lending you money for legal fees, do you recall that happening on more than one occasion and could this check be related to that?

A. Yeah, it could be.

Q. It could be. But you're not sure

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either way?

A. Probably Mr. Haddon would know that better than I do.

Q. And why would Mr. Haddon know it better?

A. Because I coordinated -- I was -- I coordinated the -- Mr. Haddon was my attorney, I got money from Mr. Gersten, and the amount of those fees and stuff Mr. Haddon knows better than I do.

Q. So sums that you got from Mr. Gersten you gave over to Mr. Haddon?

A. Yes, ma'am.

Q. With whom did you discuss the fact that you were writing rebate checks?

A. Patty Sampers in particular and probably David Miller, who was the chief financial officer.

Q. Anyone else?

A. I think Mike Moore in passing.

Q. Did it strike you as odd that you were writing rebate checks six, seven months after the event?

A. Well, I did it because I was told that that was the appropriate thing to do and that in -- that at that point in reviewing the previous years

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activities of Hart related committees that Mike Moore had determined that some of the costs of the summer Volunteer Committee retreat should be related to the exploratory campaign.

Q. Did you ask any legal advice regarding that?

A. No.

Q. Just did what you were told?

A. Yes, ma'am.

Q. Did you come to enter a contract with the 1988 Gary Hart committee?

A. Yes.

MS. REILLY: And I'm going to hand to the court reporter Exhibit Number 10, please ask the witness to take a look at that, please.

(Whereupon, Deposition Exhibit 10 was marked for identification by the reporter.)

Q. (BY MS. REILLY) Have you had a chance to examine this document?

A. M-hm.

Q. Do you recognize it?

A. I do indeed.

Q. Can you explain to me what it is?

A. It's a contract for me to work as a consultant to the Hart campaign.

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Q. And this is the 1988 committee, correct?

A. That's correct.

Q. And the date of the agreement?

A. Whatever date is here. January 1st I guess.

Q. Actually the agreement itself in the first paragraph indicates that it's dated March 31st, 1987. Do you see that?

A. Okay.

Q. You see it?

A. Right. Doesn't it say starting January 1st?

Q. Actually which brings me to my question, when did you begin working for the '88 committee?

A. January 1st.

Q. Of 1987.

A. That's correct.

Q. And this agreement was apparently signed March 31st of '87?

A. Right.

Q. Is there a reason why there's a three-month lag?

A. Because the campaign was just starting

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up January 1st and the -- it took them a while to come up with the correct form for consultants and write up the paperwork.

Q. At the time that you started working for them in January of '87 until the contract was signed March 31st of '87, did you essentially receive $1,700 monthly?

A. I'm sure I did. I'm sure I did. And I probably got a 1099 and I certainly know I reported it on my income tax.

Q. Did you have an oral agreement with the campaign from January 1st forward regarding the terms and conditions that you were working under?

A. Yeah, and this is -- this is it.

Q. And so this agreement which was signed on March 31st reflected activity that had gone on since January, is that correct?

A. Yes, ma'am.

Q. Now, in the second line where it discusses the parties to the agreement, committee is mentioned, and it looks like Mike Stratton was there and then crossed out?

A. By me.

Q. And those are your initials there.

A. That's correct.

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Q. When did you cross that out, do you recall?

A. Probably the day I signed it.

Q. You don't have an independent recollection that you came and it was changed?

A. No, I signed it -- this is how it was presented to me, and at the time I signed it I put it as the way I operate my business.

Q. And that is with Stratton and Associates.

A. That's correct.

Q. And the agreement that you had with the campaign for $1,700 a month?

MR. HADDON: 1,700.

Q. Is that what they paid you?

A. Yes.

Q. And then third paragraph down, the consultant will be reimbursed for previously agreed and reasonable travel expenses?

A. M-hm.

Q. What had you previously agreed?

A. I think that's just legal -- legalese I think.

Q. Did you have an understanding with the committee regarding your travel?

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A. Yes, that my expenses and per diem would be paid, reimbursed to me in full.

Q. And how did that operate?

A. I would submit expenses and then I'd get reimbursed.

Q. Did the committee have expense reimbursement forms?

A. Yes.

Q. And you would fill those out?

A. Right.

Q. And then they would pay you?

A. Right.

Q. Was there a lag time between submitting your expense reports and being paid?

A. Yes.

Q. Was it a long time?

A. Sometimes.

Q. Roughly how much time would it take between when you submitted an expense reimbursement request and when you were in fact reimbursed?

A. Within 30 days.

Q. Generally?

A. Yeah. I mean, this campaign didn't last very long, as you probably know.

Q. The other expenses that are noted in

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that paragraph --

A. The third paragraph?

Q. Right.

A. Uh-huh.

Q. The second line. What were the other expenses?

A. I don't know. I think it's -- I think it is the generic form they created for consultants.

Q. And the fact that there's nothing attached to this agreement suggests that your reasonable travel expenses were what were intended to be reimbursed?

A. And anything that I would front as an expense for the campaign that would be, you know, some campaign type element that a consultant would normally put money down on or contract for or have to put a deposit down or whatever, if I had to, you know, do that, then I would be reimbursed for doing that.

Q. And what sort of items or things did you advance money for?

A. Oh, gosh. Well, historically, and I don't know if it relates specifically to this time, but I think I probably put money down for phones at one time or another, materials, you know, probably

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printing, other people's travel, like, you know, more junior people who couldn't -- didn't have a credit card or couldn't pay for meals or stuff like that, gas, airfare, you know, standard things.

Q. Did you make cash advances to more junior campaign workers?

A. I'm sure I did.

Q. Do you know Dennis Walto?

A. I do indeed.

Q. What can you tell me about him?

A. He worked in the '84 campaign as a volunteer and was involved as an advance person in both of the '88 campaigns.

Q. What did you think of Dennis Walto's work?

A. Extraordinary.

Q. He had a real talent for it?

A. Absolutely.

Q. What is he doing now?

A. I believe he's in New York working for a foundation that raises money for homeless people.

Q. Did it come to your attention at one point that Dennis Walto was paid by Stuart Karl while he was working for the campaign?

A. Yeah, I became aware of that when the

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Miami Herald broke that whole story about Stuart Karl and all that employee -- whatever description you would use for that.

Q. Do you recall when that was?

A. In and around the Iowa caucuses of 1988.

Q. Which would be?

A. February-ish.

Q. Did you have any discussions with Dennis regarding this situation?

A. Certainly at that time.

Q. And what were the substance of those discussions?

A. That it was a bad situation that he was in because of this Stuart Karl deal.

Q. Did you know prior to when the story broke that Dennis Walto was being paid by Stuart Karl?

A. Well, I knew that Dennis was working for Stuart Karl and I -- my understanding of it, I thought it was fully appropriate. I -- you know, he was in California, I was in Colorado, I only -- didn't really see him until the campaign started in the spring of '87, and the -- I guess the period in question was prior to that.

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Q. And you didn't see Dennis Walto regularly during that period?

A. I didn't see him at all.

Q. What did Dennis Walto say to you besides that it was a bad situation?

A. Pretty much that was it, you know, bad situation and that he because of this situation was in potentially a very bad legal situation.

Q. And at the time the story broke, was Dennis employed by the campaign?

A. I believe so. I believe -- or working as a volunteer who got all his expenses paid. I -- in the third campaign I was only a part-time volunteer, I was back to, you know, running my business full-time versus, you know, part-time, and I ran into and worked with Walto in Iowa and New Hampshire in the third campaign.

Q. What was the campaign's policy regarding advances paid to staffers?

A. At what point? Which campaign?

Q. Let's start with January of '87.

A. January of '87. Appropriate expenses were reimbursed to the people who made them, who were out of pocket.

Q. And whose decision was it whether or

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not an expense was appropriate?

A. John Emerson and David Miller.

Q. Anyone else?

A. Well, I'm sure if Bill Dixon said that something was to be paid for, it would be paid for.

Q. Was there ever an instance where you were refused reimbursement for an expense that you had submitted?

A. No, but I think always in a campaign you kind of have to cajole to get expenses paid. And you probably are aware of the ill repute of the '84 Hart campaign and significant debt that yet remains and people that -- vendors that didn't get paid and, having been one of the people that had to deal with some of the carnage of that, was very sensitive to it.

Q. But you personally had your expenses met.

A. Yes. Yes. But I always shepherded them well.

Q. And how would you do that?

A. By making sure that Miller and Emerson knew I needed to get my expenses back, because I'm, you know, not a wealthy individual and couldn't be out of pocket very long.

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Q. Was there a campaign policy regarding corporate contributions?

A. Yeah, I know the campaign didn't take any corporate contributions because it was against the law.

Q. Was there a -- let me back up. How do you know that is the case, not that it's the law but how did you know it was the campaign policy?

A. I just -- I am not aware of any situation that occurred that the campaign was -- was aware of. I mean, this Stuart Karl thing, I mean he -- you know, that was something -- he -- you know, he didn't, that was not a campaign thing, as far as I know, and that's the only situation I'm aware of where that occurred and...

Q. Do you recall reading press accounts regarding Stuart Karl when that situation broke?

A. Yes.

Q. Do you recall seeing any comments from people associated with the campaign quoting campaign people as saying that the campaign did accept funds from corporations?

A. I think there was inference in the newspaper stories that that was -- that that was going on.

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Q. Did you have any discussions with anyone at the campaign regarding that?

A. Yeah, probably Sue Casey, who was the campaign manager at that time, which that -- I mean that all occurred, as I recall, in the third campaign in the kind of post -- in and around Iowa '88 time frame, and it was obviously a big press and political issue so obviously it was an item of discussion.

Q. And did you have any conversations with Sue Casey regarding that?

A. I'm sure I did.

Q. Can you tell me a little bit about those conversations?

A. You know, it was a negative impact on the campaign publicity-wise and so it was certainly an issue that was having to be dealt with by the campaign and by Hart himself in, you know, his dealings with the news media.

Q. Did Sue Casey ever indicate to you that this sort of activity goes on all the time, the Stuart Karl situation?

A. No, not to me, and I certainly doubt that Sue Casey would have been involved in anything like that.

Q. And what's your basis for saying that?

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A. I just can't imagine her being involved in anything that would be blatantly outside of the law.

Q. Does she have a reputation for honesty?

A. Yes, ma'am.

Q. What about Doug Rosen? What's his reputation for honesty?

A. Well, I -- he's certainly got a bad blast in the newspapers. Prior -- you know, my involvement with Rosen was fairly limited. I guess like anybody else you get -- you know, he got certainly tarnished by the newspaper accounts about him and Stuart Karl.

I don't have any firsthand negative knowledge of -- about him, but again, I never really worked with him.

Q. And what do you recall the newspaper articles saying about Doug Rosen in terms of Stuart Karl?

A. That he was involved in the California campaign as a fund-raiser and involved in Stuart Karl.

Q. And by involved in Stuart Karl, did you understand that to mean that Doug Rosen knew that Stuart Karl was putting corporate money into the Hart

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campaign?

A. Well, the newspapers inferred that. I don't know that to be the case.

Q. Did you have any discussions with Doug Rosen regarding that?

A. No.

Q. Did you have any conversations with anyone at the campaign regarding Doug Rosen's possible involvement in Stuart Karl?

A. Well, certainly when that story broke, it -- the whole thing was kind of, you know, a topic of discussion. It was in the newspapers every day, it was a big deal. Hart was in the midst of a come-back, and that was a big blow.

Q. Did you hear any suggestions from anyone in the campaign suggesting that Rosen may have been involved with and knew of the Stuart Karl situation?

A. No, but again, in the third campaign, I was only kind of an in and out volunteer who -- you know, I did advance work in Iowa and New Hampshire and I was not day to day involved with the campaign, although I supported him, so, you know, I wasn't like -- I was in the midst of a lot of my consulting business projects that were kind of my main priority,

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and so I wasn't like around on the kind of, well, what's the rumor today kind of thing.

Q. Did you discuss with the Federal Bureau of Investigation Stuart Karl?

A. No.

Q. You were not interviewed by the FBI?

A. Not about Stuart Karl.

Q. Were you interviewed by the FBI regarding David Stein?

A. No.

Q. Were you aware of the fact that David Stein ultimately was said to have been involved in a sale lease-back of a computer to the campaign?

A. I think I followed that Stein was -- you know, had investigations or interviews or depositions with the FEC, as I mentioned earlier. I don't know the specifics of all of that, and I certainly haven't spoken with him specific about that.

Like I said, last time I saw him at the convention he'd mentioned in passing that, you know, he had these FEC dealings.

Q. Did you have any conversations with the FBI regarding the Hart campaign?

A. No.

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Q. Other than the commission's auditers and other than this investigation today, have you had any conversations with any other law enforcement agency regarding the Hart campaign?

A. I gave, which I think you have on record, a bunch of written statements that were posed to me during the -- some audit, and I don't know what audit that was, and I kind of had those transcribed by Patty Sampers and others and provided those to you. I was not officially interviewed by an auditor.

Q. Your contract with the Hart people for '88, when did that terminate?

A. You know, probably within 30 days of -- you know, I'm sure they have it exactly on record but probably within 30 days of Hart's dropping out May 8th, 1987, a day sketched in my mind.

Q. Did you travel with the candidate during 1987?

A. Yes.

Q. Frequently?

A. No.

Q. Roughly how often?

A. Well, let's see. He announced in April, April 13th, April 14th, I probably made two trips with him prior to him dropping out.

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Q. Did you receive a check from the law firm of Arnold and Porter in 1987 or in 1988?

A. For what?

Q. As a rebate from the Hart people for services that they owed you?

A. Relative to the retreat?

Q. No, I believe it would be relative to your services under contract.

A. If you can show me something, you know, I -- that doesn't do anything for me, but I -- do you have something you could show me?

Q. No, I don't. I just came across --

A. No, I...

Q. How did the Hart committee make out your checks?

A. Either -- I think sometimes they made it out Mike Stratton, sometimes they made it out Stratton and Associates.

Q. And what did you do with the money?

A. I put it in my Stratton and Associates account.

Q. Did they ever pay you by certified check?

A. I don't think so.

Q. There was no requirement that they had

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to.

A. No.

Q. Did you ever run a fund-raiser for the Hart committee at all?

A. Well, I staffed and did the logistics of a number of fund-raisers, but I did not do the fund-raisers, the fund-raising. I did the logistics of a number of fund-raisers over the years.

Q. What was the campaign's policy regarding payments for fund-raisers?

A. What do you mean payments for fund-raisers?

Q. In other words, there'd be certain expenses that would be incurred for a site, for catering --

A. Sound.

Q. Precisely.

A. Yeah. The campaign would pay the vendor for the vended item.

Q. And when would that payment occur?

A. Well, I am less knowledgeable about the money in and out of fund -- of Hart fund-raisers, but I would assume within 30 days. I mean, that's an assumption.

Q. Did you make any payments for

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fund-raising costs?

A. I'm not aware that I did but I could have. It wouldn't have been strange for me to have, you know, fronted money for a room or a sound system or something like that, on the logistical side of the fund-raising event.

Q. Did you ever hear that the campaign had entered into sham agreements, fake agreements, where they would sell equipment to someone for cash and then lease back that equipment and not make lease payments?

A. No.

Q. Is that a situation that sounds familiar to you?

A. Certainly not anything that I was ever privy to or part of.

Q. Did you see or hear of any illegal activity relating to campaign finance while you were associated with the Hart committees?

A. Only the rumor stuff I heard after the Stuart Karl stuff.

Q. Anything else?

A. Not that I'm aware of.

Q. Did you ever have any discussions with Gary Hart regarding the Stuart Karl situation?

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A. Yes, during the -- the period I described when the story broke in the winter of -- early spring or whatever you want to call of '88.

Q. And was it your impression that Gary Hart was unaware of this until the story broke?

A. I'm sure Gary Hart was unaware. Senator Hart was not ever involved in fund-raising issues, hated fund-raising, didn't even make fund-raising solicitations, so fund-raising matters were pretty foreign to him.

Q. And who in the campaign was responsible for fund-raising?

A. Well, Mike Novelli was the debt person, Eli Segal was the finance or fund-raising director for the '88 campaign, and those were the two people most involved with fund-raising from '84 through the demise of the second campaign.

After the -- in the third campaign, I think Sue Casey probably wore a lot of hats, because it was a very small little operation with a very small staff and so she probably wore all those hats.

Q. Did the campaign have a policy regarding in-kind contributions?

A. Well, I think the in-kind stuff work would be like volunteers and people lending their

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cars to drive people places and pick people up. You're probably headed to the Merchants Furniture thing, which I'm prepared to respond to.

Q. Why don't you tell me about the Merchants situation.

A. Merchants Furniture is an old secondhand store in Denver. They deal in secondhand furniture mostly. And the Hart campaign bought dividers, room dividers, for the boiler room. And one of the issues I've been asked about is a note that I had to John Emerson on an invoice for -- for those deals, for the dividers.

Q. And what did the note say?

A. You know, we need to pay these guys right away, they've helped us out and given us furniture and they need to be paid on time, I think is the essence of it.

Q. Did you mention they have given us free goods?

A. I don't think I said free goods. I think -- if you show me the deal I know it's in my handwriting and I will speak exactly to what I wrote.

MS. REILLY: Okay. Let's go off the record for a second.

(Whereupon, there was discussion

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outside the record.)

(Whereupon, Deposition Exhibit 11 was marked for identification by the reporter.)

Q. Back on the record, please, with Exhibit Number 11, which Mr. Stratton's counsel has generously provided to us. Is this the document you're referring to?

A. M-hm.

Q. Could you read?

A. It's to Emo, which is John Emerson. 1, these guys have given us free desks, cabinets, et cetera, to date; 2, rented partitions for rest of campaign. Price is excellent, each would cost, and I think I probably say -- each would cost whatever the amount of money was, I think. And the third thing is I probably said let's, you know, pay them as soon as we can.

Q. Could you explain the reference to free goods?

A. Yeah. They sent a letter, which you have, which explains it as well as I can. They deal in used furniture, and a lot of stuff is really crummy and they can't sell it. And when I had worked with them to buy these panels, I think the guys that I sent also picked up a bunch of crummy furniture

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like -- you know, democratic campaigns in particular run campaigns by putting doors over sawhorses and make them into desks and stuff like that, that there's -- you couldn't buy, and they probably picked up -- I'm sure they picked up stuff that they had out in the alley that the guy at the store said, well, you know, pick junk out of the alley, it's either going to Goodwill or going to the dump. And that's my reference. And also in other campaigns I have gotten the same kind of stuff from these people, for local campaigns, city council campaigns.

Q. But it's your testimony that they did give something free to --

A. Well, I'm sure -- I know exactly what happened. That the guys that went over to pick up these panels went out in the alley or the back room, or wherever they keep the stuff they can't sell, and got, you know, some old doors and broken desks and picked up a few of them and brought them back with them when they brought these panels.

Q. Did you see what they brought back?

A. Not specifically, but, you know, I know what happened.

Q. Did it blend in with the other furniture in your office?

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A. Well, it was all pretty crummy, so it probably blended in quite well. There was no -- you know, democratic campaigns are very different from republican campaigns, particularly in office space and desks and stuff like that, and Merchants addressed this also in a letter that I think they sent to you.

Q. If you were to assess a value on what they gave you for free, what would it be?

A. Free.

Q. Not worth one penny.

A. They were going to throw it away.

Q. But it was of some use to the campaign. I mean, you sat on it, you used the furniture.

A. Sure.

Q. What about other in-kind contributions? Are you familiar with an organization called Office Liquidators?

A. Yes. They're a company in Denver.

Q. Do you know if they made a contribution to the campaign?

A. I don't know. Did they?

Q. That's a good question. Do you know if the campaign had a policy regarding accepting in-kind

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contributions from corporations in the names of the owners of the corporations?

A. I'm not trying to be coy but tell me --

Q. Let me give you an example.

A. Yeah.

Q. I own a corporation, I'm the officer, but the corporation gives tables and chairs, and even though it's the corporation's we use my name and my spouse's. Do you know if the Hart campaign had a policy of doing that?

A. I don't know that -- well, I think this is the only situation that I'm aware of that ever came into question about something like that, and I guess maybe you're going to say that that's technically incorrect, but, you know, the stuff that these kids brought back from the campaign was useless and would have been thrown away, and I'm not aware of other situations.

I mean, it was literally the guys who went to pick this up they, you know, rummaged through their back alley or back lot of stuff that was going to be thrown away and they came back with some broken down stuff that they thought we could use, and we probably used it.

Q. What was the campaign's policy

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regarding screening contributions for excessives?

A. For?

Q. Excessives. Contributions that are too high?

A. Well, I don't know exactly, because that wasn't my area, but I know that Mike Moore and Patty Sampers and that crew knew the law, and I think that they -- they didn't accept more than they're supposed to give. But I was not involved with that stuff, the reporting or the matching funds or any of that.

Q. Do you know Keith Glasser?

A. I do.

Q. And who was he?

A. I think he's a -- well, I don't think, I know. He's a lawyer from Cincinnati, Ohio, who was the manager of the Iowa campaign in 1984, who is my -- the -- only he was a paid guy and I was a volunteer guy as I recall.

Q. Was he involved in '88?

A. Well, I think he probably would have been, but '88 didn't last long enough for him to get involved.

Q. Do you know if he requested corporate funds from Stuart Karl?

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A. I would have no idea.

Q. Do you know Jim Dwinnell?

A. James Dwinnell was the financial manager of the '84 campaign.

Q. Was he involved in '88 as well?

A. I saw him at one event in the third campaign. I don't know -- I think there was a lot of people that would have been involved in '88 but they didn't really get a chance because the campaign -- the first go round was so short-lived, and I presume he would have been one of those. I did see him at a campaign event in the third campaign in New Hampshire.

Q. And did you have a conversation with him at that time?

A. Not really. He and I don't get along very well.

Q. Why is that?

A. He is one of the people who did not pay vendors on time in '84 and a lot of the people who complained to me were people that had bad experience with him.

Q. How about Henry Wright, do you know him?

A. I think I met him and I think he was

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a -- one of Dwinnell's people, but I don't really know him.

Q. Do you know if Mr. Wright has solicited corporate contributions?

A. I would have no idea.

Q. Do you know Beth Smith?

A. I do.

Q. And who is she?

A. She's a former Hart staffer who worked in the '88 campaign and lives here in Denver, is in the public relations business.

Q. Is she a competitor?

A. I think she is like a full-time person with some foundation or something.

Q. Did the '87-'88 campaign have legal counsel?

A. '87-'88. Probably Jack Quinn.

Q. And we decided before he was with Arnold and Porter?

A. I'm sorry.

Q. He's with Arnold and Porter in Washington?

A. He was. I don't know if he still is. I haven't seen him in a while.

Q. Are you familiar with a project called

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the Hart Video?

A. Vaguely.

Q. And what's the basis of your familiarity?

A. That there was going to be a video produced about Hart that would have been used for political purposes and fund-raising purposes to, you know, reach out to people who couldn't -- you can only be seen by so many people so a video would be like sent out en masse, give people a chance to see and hear Hart, and that it would be used also as a fund-raising tool, and I think that Stuart Karl was involved in that project and was going to be the guy who made all the money off of it probably.

Q. Who did you report to in the campaign in the beginning of '87?

A. Bill Dixon.

Q. Anyone else?

A. Well, I was the all purpose logistics person, and so I was often assigned to people that had a project or an event or a trip. Sue Casey was the scheduler, so when there were scheduling needs I would work for Sue Casey so to speak, trips. When there were big events I would work for whoever was responsible for the event on the logistics of that.

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So I was kind of a swing person logistician.

Q. And logistician would be your major title.

A. Well, I was one of, I think, six or seven assistant campaign managers. It was -- it was -- there were more titles -- there were more titles than probably necessary or...

Q. Certainly more than in '84, right?

A. Well, in '84 it was a -- it was a great -- it was very amoeba-like, a lot of...

Q. The second part of '88, the '88 campaign, were your duties the same?

A. Well, I was just a volunteer and I went to Iowa and I went to New Hampshire as doing advance work.

Q. In the beginning, the first part of the campaign, the '87 part, were you doing media buys as well?

A. No. I helped them -- in '87?

Q. Yes.

A. In the first campaign?

Q. Right.

A. No, I didn't have anything to do with the media.

Q. No media?

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A. No.
Q. No fund-raising?
A. Except for the logistics of.
Q. Right. So just so that I'm totally clear, is it fair to characterize your association with the Hart committee as someone who specializes in logistics?
A. Advance work.
Q. Advance work.
A. And organization.
Q. That your involvement with the receipt of contributions was limited?
A. M-hm.
Q. That's a yes?
A. Yes. I'm sorry.
Q. That you had no knowledge regarding corporate contributions?
A. No.
Q. Did you have anything to do with the reporting for FEC purposes?
A. Absolutely none.
Q. And that you had no knowledge of any illegal activities going on in the campaign?
A. Absolutely not.
Q. Mr. Stratton, have you given full and

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complete answers this morning?

A. Yes, ma'am.

Q. Do you wish to change or modify any of your answers?

A. No. The -- the only thing that I'm personally unclear about, and I'll look for myself, is the frame of all this. I'm sorry.

Q. And by this you mean the Gersten check. Do you want to send us a letter clarifying that if you are able to figure out what happened?

MR. HADDON: I'll discuss that with Mr. Stratton and if we decide we want to do that we'll do that.

MS. REILLY: Do you want to cross-examine your client?

MR. HADDON: No.

Q. (BY MS. REILLY) How many miles did you travel today to get here? We owe you mileage --

A. I don't want any money. You know, just --

THE DEPONENT: Can we go off the record?

MS. REILLY: Sure.

(Whereupon, there was discussion outside the record.)

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MS. REILLY: At this point we will continue the deposition and not close, and by continue, the commission routinely does that in case we should have to do that. We don't anticipate asking you any more questions. But thank you for your cooperation.

(Whereupon, at 12:08 p.m., the deposition was concluded.)

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I, MICHAEL JOHN STRATTON, do hereby state under oath that I have read the above and foregoing deposition, and that the above transcript and accompanying correction sheets, if any, constitute a true and correct record of my testimony.

Michael J. Stratton

MICHAEL JOHN STRATTON

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

Subscribed and sworn to before me by the said MICHAEL JOHN STRATTON, this 30TH day of August 1991.

My commission expires 2/4/92

Pamela A. Bates

NOTARY PUBLIC

150 E. 10th avenue, Denver Co 80203

Address

CERTIFICATE

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

I, Patricia M. Wrede, a Registered Professional Reporter and a Notary Public within and for the State of Colorado, do hereby certify that previous to the commencement of the examination of the said MICHAEL JOHN STRATTON, a witness called for examination herein, was duly sworn by me to testify the truth in relation to the matters in controversy now pending and undetermined so far as he should be interrogated concerning the same;

That the said deposition was taken in shorthand by me at 1961 Stout Street, No. 1200, City and County of Denver, State of Colorado, on the 11th day of July, 1991, at 8:58 a.m., and was reduced to typewritten form under my supervision;

That the foregoing is a true transcript of the questions asked, the testimony given, and the proceedings had;

That I am neither attorney nor counsel, nor in any way connected with any attorney or counsel for any of the parties to said action, or otherwise interested in its event.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 22nd day of July, 1991. My commission expires July 29, 1992.

Patricia M. Wrede RPR
and Notary Public.

NOTARY PUBLIC STATE OF COLORADO PATRICIA M. WREDE

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HART NATIONAL CABINET

The Hart National Cabinet represents a nationwide network of insider-activists who all share a common belief in the future of our country as envisioned by Senator Gary Hart. The primary objective of the Cabinet is to strengthen and expand upon the financial and organizational base resulting from the 1984 effort.

The Hart National Cabinet, and our membership, have a specific goal of retiring the 1984 debt before the end of 1986.

This goal will be accomplished by:

* Structuring the Cabinet to encourage participation in the fundraising efforts for Gary Hart, thereby turning passive donors into active collectors. A critical element of the Cabinet concept is the ability to expand its membership <u>beyond</u> the established major contributors to Gary Hart and the Democratic Party.

* Providing an atmosphere for members to become better aquainted with Senator Hart. Members of the Cabinet will be able to share on a personal level their concerns, thoughts and ideas with Senator Hart. In return, they are privy to the Senator's unique analysis of developments in the political and social arenas, both nationally and internationally.

Membership requires an individual to make a financial contribution of $1,000 to Americans With Hart after January 1, 1986. An individual may join by giving $1,000, or by raising that amount, or through a combination of the two. Membership will be renewable each year at no cost.

For those who have the heart, but not the cash flow to join, the Cabinet will facilitate the financing of the $1,000 contribution. Payment may be made over the course of one or two years.

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PO Box [illegible] Beach CA 92677-[illegible]

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As a member you will receive special services and privileges:

* When travelling around the country, Senator Hart will schedule time, when possible, for visits with groups of Cabinet members. These visits will move beyond the typical cocktail reception format into intimate discussions on current Hart activities in both the national and international political arenas.

* A membership scroll, lapel pin, and membership card. The designation Founding Member will be noted on these items if you are amongst the initial members.

* A quarterly Cabinet newsletter that covers the activities of Gary Hart as well as Cabinet activities. Updates on membership enlistment, on the performance of various State Cabinets, and profiles of the leading membership recruiters will be included.

* An '800' number to call to receive weekly reports on the activities of Senator Hart and the Cabinet.

* Notices and invitations to any and all public appearances by Senator Hart in your state as well as notices and comped invitations to selected Hart fundraising events.

* Issue briefs from Senator Hart which will offer an inside view of the political scene. Action in the halls of the Capitol will be covered, along with the grassroots activities that are often the harbingers of the debates defining the political process in Washington.

* An annual directory of Cabinet members nationwide.

Though national in scope, the Cabinet will be organized at the state level. Where needed, intra-state Cabinets may be formed, ie., North/South, or by city. The Cabinet structure is designed to encourage local innitiative and to open lines of communication at the local level.

Several tiers of leadership positions will be available within the Hart National Cabinet. Perhaps the most important positions will be held by State Cabinet Directors. An individual who raises five thousand dollars for Americans With Hart will sit on the Board of Directors in his or her state. State Director's names will be listed on a State Cabinet's stationary and recognized in issues of the Cabinet newsletter.

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Support will be given to those individuals who wish to recruit members into the Hart National Cabinet. Aside from the program itself, which provides incentives for prospective members, video tapes and brochures covering the activities of Gary Hart and the Cabinet will be available.

The Hart National Cabinet is headquartered in Monarch Beach, California. Rick Reiter, Executive Director of the Cabinet, and his staff are determined to see that members receive both service and support in their efforts to enlist new members.

For those who excel in their recruitment efforts, special privileges beyond the standard membership privileges will be available:

<u>Silver Hart Club</u> (sponsorship of 10 new members)

> Invitation to statewide or regional retreat meeting with Gary Hart.

> Special recognition in State Cabinet materials and at State Cabinet events.

<u>Golden Hart Club</u> (sponsorship of 25 new members)

> Invitation to a national weekend retreat with Gary Hart in an informal resort setting.

> Invitation to special national events for Hart.

> Invitation to travel with Hart and entourage on special trips in their state or region.

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NATIONAL BANK OF WASHINGTON

(NBW)

LOAN APPLICATION AND INSTALLMENT NOTE

Full Name (Last, First, Middle): _____

Birthdate: _____

Present Street Address: _____

City: _____ State: _____ Zip Code: _____

Years there: _____ Telephone: _____

Social Security No: _____ Drivers License No. _____

Present Employer: _____ Years There: _____

Employer's Telephone: _____

Employer's Address: _____

Present Salary or Commission: $_____ per _____

Have you previously received credit from National Bank of Washington ? _____

Personal Checking Account No.: _____

Institution and Branch: _____

Savings Account No.: _____

Institution and Branch: _____

	Credit Cards	Acct. No.	Name in which card is held
1.	_____	_____	_____
2.	_____	_____	_____

(PLEASE COMPLETE AND SIGN THE REVERSE SIDE)

Flights

We have enclosed flight information from your local airport to the Orange County Airport. This is the closest airport to the Ritz, and the only one from which we can provide ground transportation. Incidentally, the drive from the other "area" airports, Los Angeles and San Diego, ranges from one and one/half to two hours, depending on the time of day.

We request that you inform us of your flight plans as soon as possible in order for us to coordinate ground transportation.

Transportation

All of our transportation needs over the weekend will be satisfied by a chartered bus, a small luxury bus, and two limousines. This includes all Orange County Airport pickup and delivery and shuttles between the Ritz and Rancho Carillo.

Lodging

We will be utilizing two separate sites for lodging. Some will overnight in the wooded, mountainous seclusion of Rancho Carillo. This setting is totally rustic and situated in the Cleveland National Forest. The facilities include bunkhouses and trailers. Our business meetings will be conducted in what was once the Rancn's barn.

Due to space limitations at Rancho Carillo, some participants will be staying at the lovely new Ritz•Carlton. Room rates are:

$115 • Sunday through Thursday

$150 • Friday and Saturday

These facilities might be better suited for couples and those not desiring the more rustic accomodations of Rancho Carillo. Please let us know your accommodation requests within the next ten days so that we may plan accordingly.

Thursday arrivals are encouraged to stay at the Ritz that evening. Anyone wishing to play eighteen holes of golf on Friday should plan on arriving in time for a 1:00P.M. tee time (a 2:00P.M. tee time is recommended for those wishing to play only nine holes). All cart and green fees will be compliments of Stein Brief Group.

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AGENDA

FRIDAY:

Ritz & Beacn Club	A.M. & Early P.M.	Arrival, golf
Ritz & Beacn Club	6:30 P.M.	Cocktail Reception Dinner
Rancn & Ritz		Overnignt

SATURDAY:

Rancn	8:00A.M.	Breakfast
Rancn	9:00 - 11:30A.M.	First General Meeting
Rancn	12:00 Noon	Luncheon
Rancn	1:00 @ 3:00P.M.	Small Group Meetings
Rancn	3:30 @ 5:00P.M.	Small Group Meetings
Rancn	7:00P.M.	Western Cookout & Entertainment

SUNDAY:

Ranch	8:00 @ 8:30A.M.	Farewell Gathering
Ritz	9:30 @ 10:30A.M.	Bruncn & Final General Meeting
Beacn Club	10:30 @ 12:00A.M.	Boat Ride
Ritz	12:30P.M.	Departures

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RETREAT AGENDA

Friday evening:		
6:30 - 7:30	Cocktails	Monarch Bay Club
7:30 - 9:30	Dinner	Monarch Bay Club
9:30	Shuttle departs for Ranch and Ritz	
Saturday A.M.:		
8:30	Shuttle departs Ritz for Ranch	
9:00 - 9:30	Continental Breakfast	Ranch - Barn
9:30 - 11:30	General Session	Ranch - Barn
	Introduction of Senior Staff and Martha Remarks:	
	. Bill - Theme & Organization	
	. Billy - Scheduling & Politics	
	. Mike - Fundraising	
	. Martha - Center for a New Democracy	
11:30 - 1:00	Lunch	Ranch - Barn
Saturday P.M.:		
1:00 - 2:30	General Session	Ranch - Barn
	Open discussion with Gary	
2:30 - 6:00	Recreation	Ranch
6:00 - 7:00	Cocktails	Ranch - Pool
7:00 - 9:30	Western-style Cookout & Entertainment	Ranch - Pool
10:00	Shuttle departs for Ritz	
Sunday A.M.:		
8:00	Shuttle departs Ranch	
8:30	Shuttle departs Ritz	
9:00 - 10:45	Boatride with Continental Breakfast	
11:15	Departure - Gary and Lee	
11:15 -	Free time	

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Stein Brief Group
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Laguna Niguel, CA 92677
[redacted]

Stuart and Debby Karl
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Newport Beach, CA 92663
[redacted]

John Petersen
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Chicago, IL 60610
[redacted]

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Los Angeles, CA 90063
[redacted]

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Los Angeles, CA 90069
[redacted]

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Oklahoma City, OK 73112
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[redacted]

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Washington, DC 20036
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Denver, CO 80203
[redacted]

Honorable Martha Keys
3709 S. George Mason Drive
Falls Church, VA 20041
[redacted]

Norm and Sunny Brownstein
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Denver, CO 80201
[redacted]

Mike and Mary Johnston
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[redacted]

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Venice, CA 90291
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[redacted]

Gary Antonoff
1702 S. Bellaire, #1209
Denver, CO 80202
[redacted]

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HART RETREAT ITINERARY

M E M O R A N D U M

TO: All Participants & Staff

FM: Stratton & Associates

DA: February 20, 1986

The following is the latest update of the schedule for the Winter Park retreat.

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Thursday, February 20

All day	Flight arrivals at Stapleton Airport (Denver). All attendees met by Stratton & Associates personnel. Transportation provided to Meadow Ridge Condominiums in Winter Park, Colorado.
Evening	Open bar at Host Unit, Meadow Ridge. Check-in at Host Unit and individual condos. Open schedule for dinner as attendees arrive.

Friday, February 21

9:00 - 10:00 am	Light breakfast at Mark Hogan's lodge Phone (303)726-5412
10:15 - 11:45 am	First meeting/work session conducted by Bill Dixon
12:00 nn - 1:30 pm	Break and lunch at Hogan lodge
2:00 - 4:00 pm	Afternoon meeting/work session conducted by Gary Hart
4:00 - 5:00 pm	Break

Friday, February 21 (cont'd)

5:00 - 6:00 pm	Cocktail hour
6:30 pm	Depart from Hogan lodge and condos for dinner
7:00 pm	Arrive at Club Car Restaurant Phone (303)726-8105
7:15 - 9:00 pm	Dinner
9:15 pm	Group returns to Meadow Ridge
10:00 pm -	Open. Bar available at Host Unit.

Saturday, February 22

8:15 - 9:15 am	Light breakfast at Hogan lodge
9:30 - 11:30 am	Morning meeting/work session conducted by Gary Hart and Bill Dixon
12:00 nn - 1:15 pm	Lunch at Hogan lodge
1:30 - 4:00 pm	Afternoon meeting/work session conducted by Gary Hart and Bill Dixon
5:00 - 6:00 pm	Informal cocktail reception at Hogan lodge. Entertainment by Poncho Harrison.
6:15 - 8:30 pm	Buffet dinner at Hogan lodge

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Saturday, February 22 (cont'd)

9:00 pm -	Open bar at Host Unit

Sunday, February 23

8:30 - 9:30 am	Light breakfast at Hogan lodge
Mid- to late morning and afternoon	Vans and cars depart for Denver airport

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DRAFT

Proposed Gary Hart 1988 Business Plan

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Submitted by
The Winter Park Group

August 1986

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Stratton & Associates

M E M O

TO: All Invitees
Hart Volunteer Committee Denver Retreat (July 11 - 13)

FR: Stratton & Associates

RE: Travel Arrangements/Logistics, Etc.

DA: 6/5/86

As you are aware, we will be coordinating the July retreat in Denver. Plans are being finalized and an interesting and fun get together with Gary, Lee and the rest of the Hart "family" awaits you. Steady activity will continue from Friday the 11th at 4:30 pm to Sunday the 13th at 2 pm. Therefore, your travel plans should be made accordingly. We have arranged for excellent hotel accommodations @ $25.00 per person double occupancy and @ $50.00 single occupancy. This is on a limited number of units and on a first come first serve basis. On a limited basis we will have private housing available for those who cannot afford the hotel rooms. You will be hearing from someone in my office very soon, (Will Dupree, Paula Haikara or Kemetka Jordan.) We will need to know the following as soon as possible:

When will you arrive?
Day -
Time -
Plane/car, etc. (all planes will be met)

What accommodations do you need:
Double -
Roommate preference -
Single -
Private Home -

When will you depart
Day -
Time -
Plane/car, etc. (transportation to airport provided)

Any special requirements?

SEE YOU SOON!

EXHIBIT STRATTON 5 7/11/91

1732 EAST 17TH AVENUE / DENVER, COLORADO 80218 / (303) 320-8338
8618 HARTSDALE AVENUE / BETHESDA, MARYLAND 20817 / (301) 530-8804

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Agenda For Denver, Colorado Meeting
July 11-13, 1986

FRIDAY EVENING: Arrivals by 4:00 PM.

4:30 - 6.15 PM: Reception sponsored by the Colorado Host Committee at Executive Tower Inn. Informal dinner arrangements can be made at the reception since no formal dinner is planned.

Executive Tower Inn (ETI)
1405 Curtis Street
Denver
303-571-0300

SATURDAY:

8:00 - 9:00 AM: Continental Breakfast at Executive Tower Inn

9:00: FIRST SESSION begins

9:00 - 9:15: Welcome by Bill Dixon, overview of what we intend to accomplish during the weekend, description of agenda, opening remarks.

9:15 - 9:45: Bill Dixon and Bill Shore, summary of overall political strategy for 1986 and the future.

9:45 -.10:00: Q&A

10:00 - 10:45: PANEL I. Mike Moore, Richard Wagner, Jack Quinn, and Bill Dixon to discuss: debt retirement, fundraising strategy, FEC compliance, and related campaign finance matters.

10:45 - 11:15: Q&A

11:15 - 12:00: PANEL II. Bill Morton, Jack Quinn, Bill Dixon and Bill Shore to discuss Fairness Commission rules, changes in 1988 calendar, delegate selection procedures, DNC and automatic delegates.

12:00 - 12:15: Q&A

12:15 - 1:30: Lunch

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1:30: SECOND SESSION BEGINS

1:30: - 2:15: PANEL III. Jon Mills, John Emerson, Sue Casey, Chris Brown, John Kulewicz and Rick Ridder to discuss organizing techniques, recruitment of elected officials into state organizations, integration of party establishment, and related matters.

2:15 - 2:30: Q&A

2:30 - 3:00: PANEL IV. Greg Lebel, Doug Wilson, Chris Phillips, and Bill Shore to discuss 1986 elections, candidates GH is helping, The Volunteer Committee, etc.

3:00 - 3:45: PANEL V. Discussion on issues, themes, press - Kevin Sweeney and David Dreyer.

3:45 - 4:00: Q&A

4:00 - 4:15: BREAK. ARRIVAL OF GWH. MIX AND MINGLE

4:15 SECOND SESSION CONTINUES

4:15 - 4:45: GWH speaks on his vision of where the country is headed, major themes, etc.

4:45 - 5:45: Open group discussion with GWH

5:45 - 6:45: DOWNTIME

6:45 - 7:00: Van departure to dinner

7:00: Dinner at The Denver Kent Day School

SUNDAY:

8:00 - 9:00: Continental Breakfast at ETI

9:00: THIRD SESSION BEGINS

9:00 - 9:30: PANEL VI. Discussion by Chris Phillips and Richard Wagner on communications networks - - both intra and interstate: lists, newsletters, etc.

9:30 - 10:15: SUMMARY AND WRAP-UP by Bill Dixon and Bill Shore. Outline of specific requests of state leaders for the future.

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10:15 - 10:30: Depart for Gary and Lee's home at Troublesome Gulch

NOTE: LAST VAN DEPARTS AT 10.30 AM SHARP!!!

11:00 - 1:00: BRUNCH AT TROUBLESOME GULCH with Gary and Lee Hart

1:00: Retreat ends. Open time. Departures.

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TO: Rama White
FROM: Richard Wagner
DATE: June 3, 1986
RE: Co-ordinators Meeting in Colorado

As I mentioned on the phone last week, we're trying to spread the costs of this meeting among those who can help and take a small chunk of the total cost.

I've enclosed a copy of the budget for the meeting. We have a few items covered, but some are still outstanding. If Stuart is willing, I thought he might enjoy covering the bar for everyone for Friday and Saturday night. We here, of course, appreciate anything he sees fit to do.

If Stuart wants to help out, a check should be made payable to 'Stratton & Associates', and mailed to:

Stratton & Associates
1732 East 17th Avenue
Denver, CO 80218

If you or Stuart have any questions, please feel free to give me a call.

Many thanks for your help.

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THE GERSTEN COMPANIES
6701 WILSHIRE BLVD., STE. 1201
BEVERLY HILLS, CA 90212

Beverly Hills - West Los Angeles Regional Office
UNION BANK
9460 Wilshire Blvd., Beverly Hills, CA 90212

6044

JUNE 17, 1986

PAY TWENTY FIVE HUNDRED DOLLARS AND NO/100********** DOLLARS $2,500.00

TO THE ORDER OF
STRATTON & ASSOCIATES
1732 EAST 17th AVE
DENVER, COLORADO 80218

THE GERSTEN COMPANIES CENTRAL DISTRIBUTION ACCOUNT

NOT NEGOTIABLE

[redacted]

THE GERSTEN COMPANIES

NO 6044

DELUXE FORM WVC-8 CPL 8-19886

LOC CODE	VENDOR NO.	INVOICE NO.	DESCRIPTION	DEPARTMENT	ACCOUNT	GROSS AMOUNT
6375		6/13/86	GAGE -HART STATE COORDINATORS	RETREAT		$2,500.00

EXHIBIT
STRATTON
4
7/11/91

FOR: GC

ECK TO BE PAID TO: Stratton & Associates

DRESS: 1732 East 17th Ave., Denver, Colorado 80218

OUNT OF CHECK $ 2,500.00

: Mike Gage - Host State Coordinator's Retreat

DATE TO BE PAID: ASAP

VOICE NO: _____

REQUESTED BY: N Rosenthal

OUNT NO: _____ $ _____

APPROVED BY: [signature]

_____ _____

DATE: 6/13/86

L _____ OR RETURN N Rosenthal

POSTING STAMP

CK RECEIVED BY _____

E RECEIVED _____

0 4 0 4 3 6 0 5 0 1 2

2

ALBERT H. GERSTEN, JR.
[redacted]
9701 WILSHIRE BLVD., NO. 1000
BEVERLY HILLS, CA 90212

1015

3/26/32

PAY TO THE ORDER OF Hatton & Cole $2,530

Two Thousand Five Hundred Thirty DOLLARS

HEAD OFFICE
CITY NATIONAL BANK
400 North Roxbury Drive
Beverly Hills, California 90210

MEMO [redacted]

⑆ 243605073 ⑆

EXHIBIT
STIPULATION
9
2/11/90

STRATTON & ASSOCIATES
1732 EAST 17TH AVENUE [redacted]
DENVER, COLORADO 80218

3255

23-567/1020

3/31 19 87

PAY TO THE ORDER OF Albert Gerstein, Jr. $ 2500.00

Two Thousand Five Hundred Dol

TRI-STATE BANK
DENVER, COLORADO

For July 86 interest rebate [redacted]

Michael J. Stratton

>240430<

Marked 5
Loan Exh.

FRIENDS OF GARY HART
1600 Downing Street
Denver, Colorado 80218
(303) 894-1988

This agreement, dated March 31, 1987 is entered into between Friends of Gary Hart, hereinafter called the Committee and ~~Mike Stratton,~~ Stratton & Associates hereinafter called the Consultant.

The Committee agrees to retain the Consultant to provide Political Organizing consulting services, beginning January 1, 1987 and continuing until November 30, 1988 or termination of this agreement. For these services, the Committee agrees to pay the Consultant monthly, on the 15th of the month, with apportionment for partial months worked.

The Consultant will be reimbursed for previously agreed and reasonable travel expenses (and for other expenses as described in any attachment to this agreement). Expense reimbursement practices generally will be at levels allowed to Federal Government contractors.

The Committee and the Consultant agree that performance of services under this agreement is on an independent contractor basis and does not constitute an employer-employee relationship. The Consultant will provide services and undertake projects for the Committee which have defined goals and objectives, but will do so without detailed supervision.

The Committee understands that the Consultant may undertake work for other clients but the Consultant represents that such other commitments will not interfere with the timely and successful completion of services contemplated within this agreement.

This contract may be terminated by either party, without cause, upon three days notice, and shall bind and inure to the benefit of any successor of the Committee.

AGREEMENT:

FRIENDS OF GARY HART

By: William P. Hart

CONSULTANT:

Stratton & Associates

Address 1132 S. 17th Avenue

Denver Colorado 80218

Social Security # 522-78-9938
(Required for reporting of payments on Form 1099)

By Michael J. Stratton

3/87

EXHIBIT STRATTON 10 7/11/19

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Expenses of $750 per month

FRIENDS OF GARY HART
1600 Downing Street
Denver, Colorado 80218
(303) 894-1988

CONSULTANT PAYROLL AUTHORIZATION

Consultant Name Stratton & Assoc.
Residence Address 1732 E. 17th Ave.
City Denver State CO Zip 80218

Office Location 1600 Downing
City Denver State CO Zip 80218

Start Date 1/1/87 Termination Date 1/1
Consultant Fee $ month or $ /hour or $ fixed price

> 24043605076

1099 RECORD INFORMATION

Social Security #

OTHER INSTRUCTIONS

Bank Account # (for direct deposit):
Other:

Authorized by [signature] Date 3/4/87
Approved by [signature] Date 3/4/87
David J. Miller

Date
John Emerson

[signature] Date
William P. Dixon

1/87

EXHIBIT STRETTO 7/11/19

merchants office furniture

51 Broadway • Denver, CO 80205 • 297-1100

nts furniture

2261 broadway
denver, colorado 80205
297-1100

1-22-87

MARILYN LEVINSON

Communications (Hart Campaign)

1732 East 17th Ave

Denver Co 80218

No. 1798

8	Panels Assorted 6'		$550.00

1-22-87
paid Check 3498
$550.00 — 2 years Rental

Sub Total	550.00
State tax	
City tax Tax Exempt	
RTD tax	
TOTAL	550.00

...tal percentage rate of 21% ...niture until paid in full

Emo,

Patty

① These guys have given us free desks, cabinets, etc. todate

② Rented partitions for rest of Campaign Price is ...

>4043605017

#5
37

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 8, 1991

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Henry Wright
1551 Larimer
Denver, CO 80202

RE: MUR 3020

Dear Mr. Wright:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. This letter seeks your cooperation in connection with an investigation the Commission is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Recently, Patty Reilly of this Office attempted to contact you by telephone regarding your activities on behalf of the 1988 presidential campaign of Gary Hart. We remain interested in speaking with you and request that you contact Jose M. Rodriguez of this Office upon your receipt of this letter at (800) 424-9530. Please be advised that the Commission has the authority to issue subpoenas to witnesses in its investigations. We would, however, like to obtain your cooperation through informal means, to obviate the need for the Commission to consider subpoenaing you to appear for deposition.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

2043605078

RECEIVED
F.E.C.
SECRETARIAT
91 OCT 30 AM 10: 32

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	**SENSITIVE**
Friends of Gary Hart and Stephen Alfers, as treasurer	)	MUR 3020
YCS Investment Company, Inc.	)	
Albert Gersten	)	
The Gersten Companies, Inc.	)	
Office Liquidators, Inc.	)	
Merchant's Office Furniture, Inc.	)	
Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Albert C. Gonzales, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On October 16, 1990 the Commission found reason to believe numerous respondents, including the above-captioned ones, violated the Act. Specifically, the Commission found reason to believe the Friends of Gary Hart ("the Committee") and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 434(b)(3)(A), 441a(f) and 434(b)(5)(A). Additionally, the Commission further determined that there was reason to believe YCS Investments, Inc. violated 2 U.S.C. § 441b(a) and that Albert H. Gersten violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a). The Commission found reason to believe the Gersten Companies, Inc. violated 2 U.S.C. §§ 441b(a).[1] Also on that date the Commission determined that there was reason to believe the following corporations violated 2 U.S.C. § 441b(a): Frankland and Leinhard, Inc.; the Monarch Group, Inc.; Office

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1. On that date the Commission also found reason to believe the Democratic Congressional Campaign Committee and Richard M. Bates, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a). The Commission took no further action as to these two possible violations.

Liquidators, Inc.; Tally Ho Motor Inn, Inc.; and Merchant's Office Furniture, Inc. The Commission further determined that there was reason to believe Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Albert C. Gonzales, as treasurer ("the State Party") violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a). Additionally, the Commission determined that there was reason to believe the Volunteer Committee and Michael Moore, as treasurer, violated 2 U.S.C. § 441b(a).

II. PREVIOUS REQUESTS FOR PRE-PROBABLE CAUSE CONCILIATION

On January 25, 1991, the Commission determined to enter into conciliation prior to a finding of probable cause to believe with respondent YCS Investments, Inc. regarding a prohibited corporate contribution this entity made to the Hart Committee. Attached for Commission approval is a signed conciliation agreement

Consequently, this Office recommends that the Commission approve this agreement and close the file as to this respondent.

Also on January 25, 1991 the Commission determined not to enter into conciliation prior to a finding of probable cause to believe with Albert Gersten and the Gersten Companies, Inc. The basis of this determination was that further investigation was warranted regarding respondents' personal and corporate expenditures totaling thousands of dollars. These were made on behalf of both the Volunteer Committee and the Hart Committee. On April 12, 1991, Mr. Gersten gave sworn testimony in this matter. Following this testimony, counsel produced voluminous documents,

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and as a consequence of information contained in these documents, made numerous substantive changes to the deposition transcript. This Office is currently reviewing these changes. It is apparent from his testimony, however, that the Hart Committee deliberately had Mr. Gersten and his corporation pay for a number of items.[2]

We have also received substantive responses from the Colorado Democratic Party that include a request for conciliation prior to probable cause to believe. (Attachments 2, 3 and 4) Additionally, three other respondents, Office Liquidators, Inc., Merchant's Office Furniture, Inc., and the Hart Committee have also requested pre-probable cause conciliation. As developed below, this Office recommends that the Commission grant this request for one respondent, take no further action as to one respondent, and deny the conciliation requests of the others.

III. PENDING CONCILIATION REQUESTS

A. The Colorado Democratic Party

The interim audit noted that the Committee accepted apparent excessive and prohibited in-kind contributions from the state party's non-federal account. These contributions were primarily for rent and telephone costs. Based upon the response to the interim audit report, it appears these totaled $27,180. To date,

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2. The existence of such a scheme was emphatically denied by another person associated with the Hart Committee, Michael Stratton. At his July 11, 1991 deposition Mr. Stratton testified, however, that he was a vendor of the Hart Committee and that his responsibilities were limited to the logistics of the initial 1988 Hart campaign. Thus, his testimony is not necessarily determinative as to this issue.

the Hart Committee has reported a $5,000 in-kind contribution from the State Party and reimbursed the excessive contributions.

These contributions were drawn on the State Party's non-federal account. Colorado state law permits contributions that would be prohibited under the Act. Consequently, the Commission found reason to believe respondents violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a). Subsequently, the State Party requested that the Commission take no further action as to these possible violations, or alternatively, pre-probable cause conciliation.

The State Party has submitted three responses to this determination. It explains that it had entered a sublease with the Hart Committee for certain office space, arguing that although the Hart Committee had failed to honor the sublease, the State Party's payments to the landlord on behalf of the Hart Committee are not contributions because the State Party acted in a commercially reasonable manner. As discussed below, this argument is unpersuasive regarding the lease. Moreover, the State Party admits it used impermissible funds to make the payments in question. Thus, this Office recommends that the Commission enter into conciliation with respondents prior to a finding of probable cause to believe, rather than taking no further action.

1. The Facts

It is undisputed that the State Party subleased certain office space to the Hart Committee, and that the Hart Committee failed to make timely rental payments to the State Party. During this same period the State Party nevertheless made rental payments

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to the landlord. Specifically, in November 1986 the State Party (which was then occupying the premises in question) entered into a lease with its landlord for re-rental of space located at 1600 Downing Street, Denver, Colorado. (Attachment 2, p. 6) The State Party explains that it entered into this agreement because it had found the space suitable for its needs, but allegedly did not need the location until the beginning of its activities for the 1988 elections. Id. It further asserts that at the time this arrangement was made "[t]he parties assumed that in the event Mr. Hart succeeded as a serious national candidate, he would vacate the [State Party] space in due course for larger quarters, and that if his candidacy terminated, he would no longer need the premises." Id.

As discussed in the State Party's March 4, 1991 response, there was no formal written lease between the State Party and the Hart Committee. (Attachment 4, p. 18) As previously noted, the lease was to run for an indefinite period of time. The State Party further notes that it was obligated to pay $3,550 per month to its landlord; it adds however that the Hart Committee "appears to have assumed that it was obligated only to pay $3,500 per month," but does not explain this discrepancy. (Attachment 2, p. 6) The Hart Committee occupied the premises from December 1986 until May 1987.

As evidence of the rental terms the State Party provided correspondence between its executive director and the Hart Committee during December 1986. (Attachment 4, pp. 21-23) Additionally, other materials generated shortly before the Hart

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Committee left the premises and thereafter were also provided. (Attachment 2, pp. 11-12, Attachment 4, pp. 24-25). The documents do suggest the existence of an oral lease and indicate that the parties intended to share telephone lines.[3] (Attachment 4, p. 22) In addition to the rent payments made by the State Party on behalf of the Hart Committee, the documents indicate that the State Party also made over $5,000 in payments for telephone services and also made other expenditures for a reception on behalf of the Hart Committee.

The oral agreement between the two parties did not operate as apparently contemplated. As illustrated by the State Party's submission, the Hart Committee was frequently late with its rent payments. (Attachment 2, pp. 13-15) For example, the $2,800 requested by the State Party from the Hart Committee on December 11, 1986 for prepaid rent and a security deposit was paid in two installments on January 5 and 20, 1987. Instead of a timely payment of the January rent on January 1, 1987, the Hart Committee paid its January rent in installments beginning on February 5, 1987. These installments were not completed until February 20, 1987. The February rent was also late, with partial

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3. The State Party and the Hart Committee had another agreement that the Hart Committee would perform telemarketing services in lieu of some of the rental payments. The Hart Committee performed such services as soliciting ticket sales to the State Party's annual dinner, soliciting memberships in the State Party's Century Club; and gathering names of the State Party's newly elected county chairs. (See Attachment 2, p. 12 and Attachment 4, pp. 26-27) In a June 3, 1987 letter to the State Party, the Hart Committee asserts that it provided services valued at $5,280. (Attachment 2, p. 12) The Hart Committee ultimately did not apply this $5,280 to the amount it owed the State Party, however, and it is unclear why it did not do so.

payments made on February 20 and March 18, 1987. Moreover, the Hart Committee never paid its March rent; rather the State Party made an in-kind contribution of this amount. No rent payments were made in April and May; the next rental payment was made on June 3, 1987, amounting to $7,350. A final payment was received on July 19, 1988.

2. The Law

The State Party argues that its payments on behalf of the Hart Committee were not contributions because its initial agreement with the Hart Committee was an "arms length commercial relationship". (Attachment 2, p. 8) Moreover, the State Party argues that most of the funds in question were paid within sixty days of accrual, and thus argues this practice was also commercially reasonable, particularly in light of the rental market during this period in Denver.

Apparently, the State Party attempts to argue that it is a vendor that has extended credit to the Hart Committee and should be treated like any other commercial vendor. See Id. The Commission's Regulation's however, provide rules for extension of credit to political committees by commercial vendors. As discussed below, this state party committee's lease transaction with a committee of a presidential candidate is squarely outside the activity permitted by the Regulations.

As an initial matter, the Regulations provide that an extension of credit by any person is a contribution unless the credit is extended in the ordinary course of the person's business and the terms are substantially similar to the extensions of

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credit to nonpolitical debtors that are of similar risk and size of obligation. See 11 C.F.R. § 100.7(a)(4). In an instance where a person extends credit in such a manner, but then fails to make a commercially reasonable attempt to collect such a debt, a contribution will result. Id. The Regulations further provide that a commercial vendor that is not a corporation may extend credit to a candidate, a political committee, or another person on behalf of a candidate or a political committee. 11 C.F.R. § 116.3(a). Such an extension of credit is not considered a contribution to the candidate or political committee provided the credit is extended in the ordinary course of the commercial vendor's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. Id. In considering whether or not credit has been extended in the ordinary course of business the Commission looks to such factors as whether or not the commercial vendor followed its established procedures and past practices in approving the extension of credit; if credit had previously been extended whether prompt payment in full had been made; and whether the extension of credit conformed to the usual and normal practice of the commercial vendor's trade or industry. See 11 C.F.R. § 116.4(c).

The transaction at issue does not come within the Commission's Regulations. The State Party Committee is not in the business of renting commercial property, and thus the oral lease itself is not a transaction in the ordinary course of its business. Moreover, even if the State Party's assignment of its

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lease to the Hart Committee could be viewed as permissible, the State Party's conduct clearly indicates that the relationship was not at arms length. For example, the Hart Committee failed to make timely rental payments to the State Party. Moreover, the State Party made rental payments on behalf of the Hart Committee to the landlord. These payments presumably enabled the Hart Committee to remain on the premises. Additionally, the State Party counted some of the payments it made on behalf of the Hart Committee as in-kind contributions to the Hart Committee, an action arguing against the State Party's representation that the transaction at issue was at arms length and commercially reasonable. Consequently, this transaction cannot come within the Regulations' purview.

In sum, the State Party has failed to demonstrate that its advances on behalf of the Hart Committee were other than contributions. These payments were made from its state account, and as the State Party acknowledges, were composed of impermissible funds.[4]

Consequently, attached for Commission approval is a proposed conciliation agreement for the State Party

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4. Using a FIFO calculation the State Party asserted that $2,143.07 of its payments were impermissible funds. (Attachment 3, p. 16)

B. Friends of Gary Hart

On May 15, 1991 the Hart Committee submitted a substantive response in this matter that repeated an earlier request for conciliation prior to a finding of probable cause to believe. Attachments 5 and 6. In this response the Committee raises a number of factual and legal defenses to the Commission's reason to believe determinations. Without reaching the merits of these arguments, it appears that the Hart Committee's request for conciliation is premature.

Specifically, there are a number of outstanding issues remaining regarding the apparent systematic use by the Committee of persons to make advances on its behalf. As previously noted, we have already taken the deposition of two persons believed to be associated with this scheme. As discussed in the next section regarding Office Liquidators, this Office is concerned that persons associated with the Hart Committee systematically obtained funding and in kind support for the Committee from impermissible sources. Because further information is needed to resolve this issue, this Office recommends that the Commission deny this request for conciliation at this time.

C. Office Liquidators, Inc.

As discussed in the General Counsel's Report dated October 3, 1990, the Friends of Gary Hart initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. on December 23, 1987. When this transaction was questioned in the audit process, the Committee

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responded that the furniture in question was, in fact, owned by Office Liquidators Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators this latter amount on February 22, 1989.

Following a telephone conversation with staff, the corporation's president, Dennis D. Meyer, responded in writing to the reason to believe determination. He stated that in the autumn of 1987 the Corporation had called the Hart Committee and asked them whether they needed equipment. (Attachment 7) An unidentified person associated with the Hart Committee allegedly responded that they needed such equipment, but could not afford to pay for it. The Corporation then "offered to let them use various items rent free during the course of the campaign, with the understanding that we would pick up the items at a later date." Id. According to Mr. Meyer, a representative of the Hart Committee (whom he identified as "Henry") then visited the Corporation, selected certain items, and arranged a delivery time.[5] According to Meyer's letter, this same person subsequently contacted respondents and suggested that the Corporation determine a fair market value to "satisfy FEC regulations." Id. He suggested that the names of the individuals be used to report this

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5. Mr. Meyer does not recall this individual's full name. Based upon the investigation to date, this Office believes this individual to be Henry Wright, an assistant to James Dwinnell. Mr. Dwinnell was a highly placed advisor in the Hart Committee.

contribution since corporate contributions are prohibited by the Act. The Hart Committee then prepared the paperwork indicating that the contribution in question was from the Corporation's three owners and their spouses. Additionally, the Corporation notes that at the time of audit they provided an invoice for this furniture at the Hart Committee's request. The Corporation's response notes that "[a]t no time did we think we were doing anything unethically [sic] since the Hart people assured us everything was up front and legitimate." Id.

In light of the above, it appears that the provision of the furniture was, in fact, a corporate contribution made in the names of the owners and their spouses and incorrectly reported as coming from those individuals. Furthermore, it appears the corporate officers were explicitly informed that corporate contributions are illegal, as reason for the use of their names rather than the Corporation's. Therefore, this Office recommends the Commission find reason to believe that the Hart Committee knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f, and 434(b)(3)(A). (The Commission's previous findings as to the Committee's violations of sections 441b(a) and 434(b)(3) were not knowing and willful). This Office also recommends that the Commission find reason to believe the Corporation and the individual principals of the Corporation, i.e. Dennis Meyer, Jeffrey Meskan and Scott Trauth, knowingly and willfully violated 2 U.S.C. §§ 441f and 441b(a).[6] (The previous section 441b finding against the

6. It does not appear that the spouses were aware of this activity so we make no recommendations regarding them.

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Corporation was not knowing and willful).

This Office has attempted to contact Henry Wright, the person associated with the Hart Committee who apparently arranged for this impermissible corporate contribution. It appears Mr. Wright may be able to provide insights into the operation of the Hart Committee and provide a basis for determining whether this particular practice was institutionalized within the campaign. Mr. Wright has not returned telephone messages and thus it is unclear whether he will cooperate with this investigation. Most recently, this Office has attempted to communicate in writing with Mr. Wright. This Office recommends that the Commission approve the attached subpoena for deposition directed to Mr. Wright in the event that we are unable to obtain his voluntary cooperation.

D. Merchants Office Furniture

The Commission also found reason to believe Merchants Office Furniture violated 2 U.S.C. § 441b(a). Underlying this determination was a notation on an invoice dated January 22, 1987, indicating this corporation had provided "free desks, cabinets, etc.," to the Committee. See General Counsel's Report signed October 3, 1990 at Attachment One, p. 78. The Committee then produced a letter from the Corporation's vice president stating he was unable to find a record of a donation to the Committee, but adding the Company sometimes sets aside some of its "used non-inventoried furniture" as trash or for donation to non-profit agencies. Id. at Attachment One, p. 79.

Through counsel, Merchants Office Furniture continues to assert it made "no contribution" to the Hart Committee.

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(Attachment 8) Counsel notes the small size of his client's business and states the only transaction he is able to document with the Hart Committee is the campaign's purchase of used furniture.[7] Id. The Hart Committee's most recent response indicates that the notation in question was placed on the invoice by a staff person who had received free goods from this corporation in "other non-campaign ventures" and that the notation was placed on to encourage prompt payment. (Attachment 6, p. 42) The Hart Committee also adds that in the event furniture was given, it was discarded materials without value. Id. at 42-43. In fact, at his July 11, 1991 deposition, Michael Stratton testified that he believed that when workers from the Hart Committee arrived at this vendor to pick up used furniture, they saw materials about to be thrown away and thus brought these materials back to campaign headquarters.

This Office does not find credible the Hart Committee's explanation that the notation referred to donations to other entities. Instead, it appears that the Committee did obtain free furniture from Merchants Office Furniture. On the facts available, however, if Hart workers picked up discarded materials it is not clear whether there was an actual donation by the corporation in violation of section 441b(a). Even if so, it appears any goods received were of little value. Under these circumstances and in the exercise of the Commission's prosecutorial discretion, this Office recommends that the

7. That transaction was reported and is not at issue in this matter.

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Commission decline Merchants Office Furniture's request for conciliation prior to a finding of probable cause to believe, and instead take no further action and close the file as to this respondent.

IV. RECOMMENDATIONS

1. Accept the attached conciliation agreement of YCS Investments, Inc. and close the file as to this respondent.

2. Decline to enter into conciliation prior to a finding of probable cause to believe with the Friends of Gary Hart and Stephen Alfers, as treasurer.

3. Decline to enter into conciliation prior to a finding of probable cause to believe with Merchants Office Furniture, Inc. and instead take no further action and close the file as to this respondent.

4. Enter into conciliation prior to a finding of probable cause to believe with the Colorado Democratic State Central Committee and Albert C. Gonzales, as treasurer.

5. Decline to enter into conciliation prior to a finding of probable cause to believe with Office Liquidators, Inc. at this time.

6. Find reason to believe that Office Liquidators, Inc. knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

7. Find reason to believe that Dennis Meyer, Jeffrey Meskan, and Scott Trauth knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

8. Find reason to believe that Friends of Gary Hart and Stephen Alfers, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f and 434(b)(3)(A).

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9. Approve the attached subpoena to Henry Wright, the attached factual and legal analyses, the attached conciliation agreement, and the appropriate letters.

10/29/91
Date

Lawrence M. Noble
General Counsel

Attachments

1. Signed Conciliation Agreement
2. Response of Colorado Democratic Party (1/24/91)
3. Response of the Colorado Democratic Party (1/25/91)
4. Response of the Colorado Democratic Party (3/4/91)
5. Response of the Hart Committee (1/16/91)
6. Response of the Hart Committee (5/15/91)
7. Response of Office Liquidators, Inc.
8. Response of Merchants Office, Inc. (12/18/90)
9. Response of Merchants Office, Inc. (1/29/91)
10. Proposed Conciliation Agreement
11. Subpoena to Henry Wright
12. Factual and Legal Analyses

Staff person: Patty Reilly
Jonathan Bernstein

2043605094

FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DONNA ROACH DR
COMMISSION SECRETARY

DATE: NOVEMBER 4, 1991

SUBJECT: MUR 3020 - GENERAL COUNSEL'S REPORT DATED OCTOBER 29, 1991.

The above-captioned document was circulated to the Commission on WEDNESDAY, OCTOBER 30, 1991 at 4:00 P.M. .

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	
Commissioner Josefiak	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for WEDNESDAY, NOVEMBER 13, 1991 .

Please notify us who will represent your Division before the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 3020
Friends of Gary Hart and	)	
Stephen Alfers, as treasurer;	)	
YCS Investment Company, Inc.;	)	
Albert Gersten;	)	
The Gersten Companies, Inc.;	)	
Office Liquidators, Inc.;	)	
Merchant's Office Furniture, Inc.;	)	
Colorado Democratic State Central	)	
Committee (Federal Account/Non-	)	
Federal Account) and	)	
Albert C. Gonzales, as treasurer.)		

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on November 13, 1991, do hereby certify that the Commission decided by a vote of 4-1 to take the following actions in MUR 3020:

1. Accept the conciliation agreement of YCS Investments, Inc. and close the file as to this respondent.

2. Decline to enter into conciliation prior to a finding of probable cause to believe with the Friends of Gary Hart and Stephen Alfers, as treasurer.

3. Decline to enter into conciliation prior to a finding of probable cause to believe with Merchants Office Furniture, Inc. and instead take no further action and close the file as to this respondent.

(continued)

4. Enter into conciliation prior to a finding of probable cause to believe with the Colorado Democratic State Central Committee and Albert C. Gonzales, as treasurer.

5. Decline to enter into conciliation prior to a finding of probable cause to believe with Office Liquidators, Inc. at this time.

6. Find reason to believe that Office Liquidators, Inc. violated 2 U.S.C. §§ 441b(a) and 441f.

7. Find reason to believe that Dennis Meyer, Jeffrey Meskan, and Scott Trauth violated 2 U.S.C. §§ 441b(a) and 441f.

8. Find reason to believe that Friends of Gary Hart and Stephen Alfers, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f, and 434(b)(3)(A).

9. Approve the subpoena to Henry Wright, the factual and legal analyses, the conciliation agreement, and the appropriate letters as recommended in the General Counsel's report dated October 29, 1991

2404360505097

Commissioners Aikens, Elliott, Josefiak, and Thomas voted affirmatively for the decision; Commissioner McDonald dissented; Commissioner McGarry was not present.

Attest:

11-13-91
Date

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

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1991

David L. Ainbender, Esq.
Kelly, McAuliffe, Ryan & Delli Santi
2049 Century Park East
Suite 1350
Los Angeles, CA 90067

RE: MUR 3020
YCS Investments, Inc.

Dear Mr. Ainbender:

On November 13, 1991, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client.

This matter will become a part of the public record within 30 days after it has been closed with respect to all other respondents involved. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

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Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

24043605099

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
YCS Investments, Inc.) MUR 3020

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that YCS Investments, Inc. ("Respondent") violated 2 U.S.C. § 441b(a).

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. YCS Investments, Inc. is a corporation doing business in the state of California.

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2. On April 13, 1987 respondent corporation contributed $1,000 to the Friends of Gary Hart 1988, the authorized committee of Presidential Candidate Gary Hart.

3. On July 1, 1988 the Friends of Gary Hart refunded this amount to YCS Investments, Inc.

4. Pursuant to 2 U.S.C § 441b(a), corporations are prohibited from making contributions in connection with a federal election.

5. Pursuant to 2 U.S.C. § 441b(b)(2), a corporate contribution is defined to include any direct or indirect payment, gift of money, services, or anything of value made in connection with a federal election.

6. Respondent made a $1,000 prohibited corporate contribution to the Friends of Gary Hart 1988 in violation of 2 U.S.C. § 441b(a).

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of two hundred and fifty dollars ($250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

12/12/91
Date

FOR THE RESPONDENT:

(Name)
(Position) DIRECTOR

2/27/91
Date

24043605102

⑈4043605103

YCS INVESTMENTS (II)
170 MAIDEN LANE, SUITE 800
SAN FRANCISCO, CA 94108

2324

11-35
1210

February 27 19 91

PAY TO THE ORDER OF Federal Election Commission $ 250.00

THE SUM 250 DOLS 00 CTS DOLLARS

Bank of America
Chinatown Branch 0279
PO Box 37001 Rincon Annex
San Francisco, CA 94137

Yvonne L. Ingraham

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1991

Daniel D. Plattner, Esq.
2201 Glenarm Place
Denver, CO 80205

RE: MUR 3020
Merchants Office
Furniture, Inc.

Dear Mr. Plattner:

On November 27, 1990, your client was notified that the Federal Election Commission found reason to believe that it, violated 2 U.S.C. § 441b(a). On January 29, 1991, your client submitted a response to the Commission's reason to believe finding.

After considering the circumstances of the matter, the Commission determined on November 13, 1991, to take no further action against your client and closed the file as it pertains to to it. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. 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.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

The Commission reminds you that the provision of office furniture appears to be a violation of 2 U.S.C. § 441b(a). Your client should take immediate steps to insure that this activity does not occur in the future.

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If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

24043605105

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1991

Donald J. Simon, Esq.
Sonosky, Chambers & Sachse
Suite 1000
1250 Eye Street, N.W.
Washington, D.C. 20005

RE: MUR 3020
Friends of Gary Hart
and Stephen D. Alfers,
as treasurer

Dear Mr. Simon:

On November 27, 1990, your clients were notified that the Federal Election Commission found reason to believe that they violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A), and 434(b)(5)(A). On May 15, 1991, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

On November 13, 1991, the Commission found reason to believe that your clients knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f, and 434(b)(3)(A). The Factual and Legal Analysis, which formed the basis for the Commission's additional findings, is attached for your information. Accordingly, on the same date the Commission declined at this time to enter into conciliation prior to a finding of probable cause to believe.

Under the Act, you have an opportunity to demonstrate that no action should be taken against your clients. 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.

At such time when the investigation in this matter has been completed, the Commission will reconsider your request to enter into conciliation prior to a finding of probable cause to believe. In the absence of any additional information demonstrating that no further action should be taken against your clients, the Commission may also find probable cause to believe that a violation has occurred and proceed with conciliation.

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Requests for extensions of time will not be routinely granted. Requests must be 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.

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.

If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry
Chairman

Enclosure
Factual and Legal Analysis

24043605107

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Friends of Gary Hart and Stephen Alfers, as treasurer

MUR: 3020

The Federal Election Commission previously found reason to believe that Friends of Gary Hart and Stephen Alfers, as treasurer ("Hart Committee"), violated 2 U.S.C. § 441b(a) and § 434(b)(3)(A) in connection with the campaign's receipt and reporting of free furniture from Office Liquidators, Inc. It further appears that the Hart Committee also violated 2 U.S.C. § 441f. It also appears that those violations were knowing and willful.

The Hart Committee initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. on December 23, 1987. When this transaction was questioned in the audit process, the Committee responded that the furniture in question was, in fact, owned by Office Liquidators Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators this latter amount on February 22, 1989.

According to Dennis Meyer, president of Office Liquidators, Inc., in the autumn of 1987 the Corporation had called the Hart Committee and asked them whether they needed equipment. An

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unidentified person associated with the Hart Committee allegedly responded that they needed such equipment, but could not afford to pay for it. The Corporation then offered various items for the campaign's use rent free, with the understanding that the items would be returned at a later date. According to Mr. Meyer, a representative of the Hart Committee visited the Corporation, selected certain items, and arranged a delivery time. This representative subsequently contacted Meyer and suggested that the Corporation determine a fair market value for the items and also that the names of the individuals be used to report this contribution since corporate contributions are prohibited by the Act. The Hart Committee then disclosed on its reports that the contribution in question was from the Corporation's three owners and their spouses.

In light of the above, it appears that the provision of the furniture was, in fact, a corporate contribution made in the names of the owners and their spouses and incorrectly reported as coming from those individuals. Section 441b(a) of Title 2, United States Code, prohibits political committees from accepting corporate contributions. Section 441f of Title 2, United States Code, prohibits any person from knowingly accepting a contribution made in the name of another. Here, it appears the the acceptance and reporting of the corporate contribution in the names of the individuals was orchestrated by the Committee. Therefore, there is reason to believe that Friends of Gary Hart, and Stephen Alfers, as treasurer, knowingly and willfully violated 2 U.S.C. § 441b(a), 441f and 434(b)(3)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1991

Office Liquidators, Inc.
5250 E. Evans Avenue
Denver, CO 80222

RE: MUR 3020
Office Liquidators, Inc.

Dear Sirs:

On November 27, 1990, you were notified that the Federal Election Commission found reason to believe that Office Liquidators, Inc., violated 2 U.S.C. § 441b(a). On January 17, 1991, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

On November 13, 1991, the Commission found reason to believe that Office Liquidators, Inc., violated 2 U.S.C. § 441f. The Factual and Legal Analysis, which formed the basis for the Commission's additional finding, is attached for your information. Accordingly, on the same date the Commission declined at this time to enter into conciliation prior to a finding of probable cause to believe.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Office Liquidators, Inc. 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.

At such time when the investigation in this matter has been completed, the Commission will reconsider your request to enter into conciliation prior to a finding of probable cause to believe. In the absence of any additional information demonstrating that no further action should be taken against Office Liquidators, Inc., the Commission may also find probable cause to believe that a violation has occurred and proceed with conciliation.

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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.

If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry
Chairman

Enclosures
Factual and Legal Analysis
Designation of Counsel Form

2404360511

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Office Liquidators, Inc. MUR: 3020
Dennis Meyer,
Jeffrey Meskan
Scott Trauth,

The Federal Election Commission previously found reason to believe that Office Liquidators, Inc. violated 2 U.S.C. § 441b(a) in connection with the provision of free furniture to the 1988 presidential campaign of Gary Hart. Based upon information ascertained in the ordinary course of carrying out the Commission's supervisory responsibilities, it now appears that the above named persons may have violated 2 U.S.C. § 441b(a) and § 441f.

The Friends of Gary Hart initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. on December 23, 1987. When this transaction was questioned in the audit process, the Committee responded that the furniture in question was, in fact, owned by Office Liquidators, Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators, Inc. this latter amount on February 22, 1989.

Following a telephone conversation with staff, the corporation's president, Dennis D. Meyer, responded in writing to

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the reason to believe determination. He stated that in the autumn of 1987 the Corporation had called the Hart Committee and asked them whether they needed equipment. An unidentified person associated with the Hart Committee allegedly responded that they needed such equipment, but could not afford to pay for it. The Corporation then "offered to let them use various items rent free during the course of the campaign, with the understanding that we would pick up the items at a later date." Id. According to Mr. Meyer, a representative of the Hart Committee then visited the Corporation, selected certain items, and arranged a delivery time. This same person subsequently contacted respondents and suggested that the Corporation determine a fair market value to "satisfy FEC regulations." Id. He suggested that the names of the individuals be used to report this contribution since corporate contributions are prohibited by the Act. The Hart Committee then prepared the paperwork indicating that the contribution in question was from the Corporation's three owners and their spouses. Additionally, the Corporation notes that at the time of the audit they provided an invoice for this furniture at the Hart Committee's request. The Corporation's response notes that "[a]t no time did we think we were doing anything unethically [sic] since the Hart people assured us everything was up front and legitimate." Id.

In light of the above, it appears that the provision of the furniture was, in fact, a corporate contribution made in the names of the owners and their spouses. Section 441b(a) of Title 2, United States Code, prohibits corporations from contributing anything of value in connection with a federal election and

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prohibits any corporate officer or director from consenting to such a contribution. Furthermore, 2 U.S.C. § 441f prohibits the making of a contribution in the name of another and prohibits any person from knowingly allowing his name to be used to effect such a contribution. Therefore, there is reason to believe that Office Liquidators, Inc. violated 2 U.S.C. § 441f and that Dennis Meyer, Jeffrey Meskan and Scott Trauth, violated 2 U.S.C. § 441f and § 441b(a).

24043605114

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1991

Dennis D. Meyer
5250 E. Evans Avenue
Denver, CO 80222

RE: MUR 3020
Dennis D. Meyer

Dear Mr. Meyer:

On November 13, 1991, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. §§ 441b(a) and 441f, provisions 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 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.

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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 enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

2043605116

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Dennis Meyer MUR: 3020

The Federal Election Commission previously found reason to believe that Office Liquidators, Inc. violated 2 U.S.C. § 441b(a) in connection with the provision of free furniture to the 1988 presidential campaign of Gary Hart. Based upon information ascertained in the ordinary course of carrying out the Commission's supervisory responsibilities, it now appears that the above named person may have violated 2 U.S.C. § 441b(a) and § 441f.

The Friends of Gary Hart initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. on December 23, 1987. When this transaction was questioned in the audit process, the Committee responded that the furniture in question was, in fact, owned by Office Liquidators, Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators, Inc. this latter amount on February 22, 1989.

Following a telephone conversation with staff, the corporation's president, Dennis D. Meyer, responded in writing to

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the reason to believe determination. He stated that in the autumn of 1987 the Corporation had called the Hart Committee and asked them whether they needed equipment. An unidentified person associated with the Hart Committee allegedly responded that they needed such equipment, but could not afford to pay for it. The Corporation then "offered to let them use various items rent free during the course of the campaign, with the understanding that we would pick up the items at a later date." Id. According to Mr. Meyer, a representative of the Hart Committee then visited the Corporation, selected certain items, and arranged a delivery time. This same person subsequently contacted respondents and suggested that the Corporation determine a fair market value to "satisfy FEC regulations." Id. He suggested that the names of the individuals be used to report this contribution since corporate contributions are prohibited by the Act. The Hart Committee then prepared the paperwork indicating that the contribution in question was from the Corporation's three owners and their spouses. Additionally, the Corporation notes that at the time of the audit they provided an invoice for this furniture at the Hart Committee's request. The Corporation's response notes that "[a]t no time did we think we were doing anything unethically [sic] since the Hart people assured us everything was up front and legitimate." Id.

In light of the above, it appears that the provision of the furniture was, in fact, a corporate contribution made in the names of the owners and their spouses. Section 441b(a) of Title 2, United States Code, prohibits corporations from contributing anything of value in connection with a federal election and

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prohibits any corporate officer or director from consenting to such a contribution. Furthermore, 2 U.S.C. § 441f prohibits the making of a contribution in the name of another and prohibits any person from knowingly allowing his name to be used to effect such a contribution. Therefore, there is reason to believe that Office Liquidators, Inc. violated 2 U.S.C. § 441f and that Dennis Meyer, Jeffrey Meskan and Scott Trauth, violated 2 U.S.C. § 441f and § 441b(a).

2043605119

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1991

Jeffrey Meskan
2011 E. Orangewood Avenue
Phoenix, AZ 85020-4726

RE: MUR 3020
Jeffrey Meskan

Dear Mr. Meskan:

On November 13, 1991, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. §§ 441b(a) and 441f, provisions 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 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.

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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 enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

2043605121

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Jeffrey Meskan MUR: 3020

The Federal Election Commission previously found reason to believe that Office Liquidators, Inc. violated 2 U.S.C. § 441b(a) in connection with the provision of free furniture to the 1988 presidential campaign of Gary Hart. Based upon information ascertained in the ordinary course of carrying out the Commission's supervisory responsibilities, it now appears that the above named person may have violated 2 U.S.C. § 441b(a) and § 441f.

The Friends of Gary Hart initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. on December 23, 1987. When this transaction was questioned in the audit process, the Committee responded that the furniture in question was, in fact, owned by Office Liquidators, Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators, Inc. this latter amount on February 22, 1989.

Following a telephone conversation with staff, the corporation's president, Dennis D. Meyer, responded in writing to

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the reason to believe determination. He stated that in the autumn of 1987 the Corporation had called the Hart Committee and asked them whether they needed equipment. An unidentified person associated with the Hart Committee allegedly responded that they needed such equipment, but could not afford to pay for it. The Corporation then "offered to let them use various items rent free during the course of the campaign, with the understanding that we would pick up the items at a later date." Id. According to Mr. Meyer, a representative of the Hart Committee then visited the Corporation, selected certain items, and arranged a delivery time. This same person subsequently contacted respondents and suggested that the Corporation determine a fair market value to "satisfy FEC regulations." Id. He suggested that the names of the individuals be used to report this contribution since corporate contributions are prohibited by the Act. The Hart Committee then prepared the paperwork indicating that the contribution in question was from the Corporation's three owners and their spouses. Additionally, the Corporation notes that at the time of the audit they provided an invoice for this furniture at the Hart Committee's request. The Corporation's response notes that "[a]t no time did we think we were doing anything unethically [sic] since the Hart people assured us everything was up front and legitimate." Id.

In light of the above, it appears that the provision of the furniture was, in fact, a corporate contribution made in the names of the owners and their spouses. Section 441b(a) of Title 2, United States Code, prohibits corporations from contributing anything of value in connection with a federal election and

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prohibits any corporate officer or director from consenting to such a contribution. Furthermore, 2 U.S.C. § 441f prohibits the making of a contribution in the name of another and prohibits any person from knowingly allowing his name to be used to effect such a contribution. Therefore, there is reason to believe that Office Liquidators, Inc. violated 2 U.S.C. § 441f and that Dennis Meyer, Jeffrey Meskan and Scott Trauth, violated 2 U.S.C. § 441f and § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1991

Scott Trauth
8081 S. Upham
Littleton, CO 80123-5626

RE: MUR 3020
Scott Trauth

Dear Mr. Trauth:

On November 13, 1991, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. §§ 441b(a) and 441f, provisions 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 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.

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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 enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

2043605126

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Scott Trauth MUR: 3020

The Federal Election Commission previously found reason to believe that Office Liquidators, Inc. violated 2 U.S.C. § 441b(a) in connection with the provision of free furniture to the 1988 presidential campaign of Gary Hart. Based upon information ascertained in the ordinary course of carrying out the Commission's supervisory responsibilities, it now appears that the above named person may have violated 2 U.S.C. § 441b(a) and § 441f.

The Friends of Gary Hart initially reported in-kind contributions of furniture from six individuals associated with Office Liquidators, Inc. on December 23, 1987. When this transaction was questioned in the audit process, the Committee responded that the furniture in question was, in fact, owned by Office Liquidators, Inc. Moreover, although the Committee had initially reported the contributions as $1,641 per couple (for a total in-kind contribution of $4,923), its later response assessed the total value of this corporate contribution as only $1,174.80. The Committee paid Office Liquidators, Inc. this latter amount on February 22, 1989.

Following a telephone conversation with staff, the corporation's president, Dennis D. Meyer, responded in writing to

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the reason to believe determination. He stated that in the autumn of 1987 the Corporation had called the Hart Committee and asked them whether they needed equipment. An unidentified person associated with the Hart Committee allegedly responded that they needed such equipment, but could not afford to pay for it. The Corporation then "offered to let them use various items rent free during the course of the campaign, with the understanding that we would pick up the items at a later date." Id. According to Mr. Meyer, a representative of the Hart Committee then visited the Corporation, selected certain items, and arranged a delivery time. This same person subsequently contacted respondents and suggested that the Corporation determine a fair market value to "satisfy FEC regulations." Id. He suggested that the names of the individuals be used to report this contribution since corporate contributions are prohibited by the Act. The Hart Committee then prepared the paperwork indicating that the contribution in question was from the Corporation's three owners and their spouses. Additionally, the Corporation notes that at the time of the audit they provided an invoice for this furniture at the Hart Committee's request. The Corporation's response notes that "[a]t no time did we think we were doing anything unethically [sic] since the Hart people assured us everything was up front and legitimate." Id.

In light of the above, it appears that the provision of the furniture was, in fact, a corporate contribution made in the names of the owners and their spouses. Section 441b(a) of Title 2, United States Code, prohibits corporations from contributing anything of value in connection with a federal election and

2420360512 8

prohibits any corporate officer or director from consenting to such a contribution. Furthermore, 2 U.S.C. § 441f prohibits the making of a contribution in the name of another and prohibits any person from knowingly allowing his name to be used to effect such a contribution. Therefore, there is reason to believe that Office Liquidators, Inc. violated 2 U.S.C. § 441f and that Dennis Meyer, Jeffrey Meskan and Scott Trauth, violated 2 U.S.C. § 441f and § 441b(a).

24043605129

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 12, 1991

Richard W. Daily, Esq.
Elizabeth J. Lentini, Esq.
Davis, Graham & Stubbs
Suite 4700
370 Seventeenth Street
Denver, CO 80202

RE: MUR 3020
Colorado Democratic State
Central Committee and
Albert C. Gonzales, as treasurer

2043605130

Dear Mr. Daily and Ms. Lentini:

On October 16, 1990, the Federal Election Commission found reason to believe that your clients violated 2 U.S.C. 441b(a) and 11 C.F.R. § 102.5(a). At your request, on November 13, 1991, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

24043605131

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 DEC 26 AM 11:24

Office Liquidators, Inc
Affordable Quality in New & Used Office Furniture & Panel Systems

5250 E. Evans Avenue ▲ Denver, CO 80222 ▲ **303 759-DESK** ▲ FAX 759-0231

December 19, 1991

91 DEC 27 PM 5:56
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Office of the General Counsel
Mr. Jose M. Rodriguez
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3020

Dear Mr. Rodriguez:

Based upon the circumstances that I will explain below, I ask to be dismissed individually from any further action on the above referenced matter. By this same letter I further ask that you dismiss Office Liquidators as well. In the alternative if you decide not to dismiss me or Office Liquidators, I do ask to be considered for pre-probable cause conciliation.

I base my above requests on the basic premise that there never was any intent to defraud or deceive anyone. All paper work requested by the Hart campaign was after we had delivered the furniture. If we had initially been told there could be possible problems with the FEC, we would never have considered being involved with the Hart campaign. I feel I was lied to by the Hart people and I will fully cooperate if asked to do so to prove we were acting in good faith.

After the furniture was delivered, Henry Wright of the Hart campaign said that it would be better if we showed the ownership of the office furniture as individuals instead of as a corporation. Since we are a Sub-S Corporation and only had 3 individual owners at that time, I did not see any problem with doing so. The three individual owners had fully capitalized the corporation at that time which obviously included all purchases of inventory. In Sub-S Corporations all contributions are passed through to the individual stock holders for income tax purposes. I can assure you if I had been aware at that time there was any potential violation of any law, we would have demanded the return of the office furniture immediately.

The total value attributed to the office furniture of $4,923.00 was the total of the actual prices marked on each item as displayed on our showroom floor. Henry Wright said that it was necessary to show the fair market value of the office furniture due to FEC requirements. If we were trying to deceive anyone by showing individual contributions of $820.50, we would not have made it so obvious by having 6 individuals showing 6 exact contributions.

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We later agreed to sell the furniture to the Hart campaign for a total of $1,174.80. This amount was arrived at by taking our actual costs of the furniture and adding 10%. Additionally $100.00 was added for delivery. We sold the furniture for this amount since the Hart people assured us that this would end the matter. We would not have agreed to such a low amount except for the fact that the Hart people said that they had very limited funds and this was essentially all that they could come up with. If any monetary fine is levied against us, I ask that you please consider the fact that we have already paid our own self-imposed penalty by selling the furniture to the Hart campaign so cheaply. We are a very small company and I can assure you we would not be in business today if we had to sell furniture at 10% above cost. Based on all the previous deceptions of the Hart people, I wonder if they later sold the same furniture at a substantial profit.

We have decided not to hire an attorney to represent us in this matter. We feel that the potential expense could be prohibitive due to the size of our company, and furthermore, we are being completely honest with you and feel that we have nothing to hide.

If I can be of any further help to you, I am very willing to do so. All of my dealings with the Hart people are very regretable due to their misrepresentations to me. It is hard to remember all of the facts from 4 years ago; however, the one definite fact that I do remember is that we were not trying to hide anything. I know that ignorance of the law is no excuse, but I still stress that at all times we were acting in good faith.

I will look forward to hearing from you and hope that this matter can be resolved in a fair manner.

Sincerely,

OFFICE LIQUIDATORS, INC.

Dennis D. Meyer
President

DDM/em

2043605145

SCOTT S. TRAUTH
6081 S. UPHAM STREET • LITTLETON, COLORADO 80123

12-18-91

Office of the General Counsel
Mr. Jose Rodriguez
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3020

Dear Mr. Rodriguez,

I am writing in response to your letter dated 12/12/91 regarding a possible campaign violation by Office Liquidators in which the corporation supposedly made a contribution of office equipment to the Bush organization in 1987.

I was a stockholder of Office Liquidators in 1987 and subsequently sold my interest in April 1991. During my ownership, which was from 1985 to April 91 I was employed full time by OLI in Lakewood in Denver. I received financial statements from Office Liquidators and occasionally spoke with Dennis Hoyer about certain aspects of the business. However, I was not involved in the day to day decisions of the company. I vaguely recall Dennis saying that the company might have a sale or rental to the Bush organization but can not recall any of the specifics. The only reason that I sort of remember this is that Dennis said that the company might sell a desk to the vice president of the U.S.

Finally, I do not remember whether or not the company sold, rented or donated office equipment to the Bush Organization.

24043605134

I do know that I didn't take a tax deduction for any contribution that would have been passed through to me from Offen Liquidators (and S. Corp.)

Since I have no specific knowledge of this transaction and since I was not involved in any of the specifics of the daily operations I am requesting that I be deleted from any further involvement in this matter.

Sincerely,

/T. Nash

24043605135

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3020

NAME OF COUNSEL: representative: Dennis Meyer

ADDRESS: 5250 E. Evans Ave
Denver, Co 80222

TELEPHONE: 303 759 3375

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

12-18-91
Date

Signature

RESPONDENT'S NAME: Scott Trauth

ADDRESS: 6161 S Urban St
Littleton Co 80123

HOME PHONE:

BUSINESS PHONE: 26 5750

24043605136

December 18, 1991

Jeffrey Meskan
2011 E. Orangewood Avenue
Phoenix, AZ 85020-4726

Office of the General Counsel
Mr. Jose M. Rodriguez
Federal Election Commission
Washington, D.C. 20463

re: MUR 3020

Dear Mr. Rodriguez:

As I discussed on the phone with you yesterday, I have no direct knowledge of facts surrounding the alleged violations of the Federal Election Campaign Act of 1971 described in your letter of December 12, 1991, so I am in no position to comment on the accuracy of the facts as described.

Because I have lived in Phoenix since 1985, and have never been employed by Office Liquidators, Inc. of Colorado, my contact with the company is essentially limited to phone conversations with my partner, Dennis Meyer, and the receipt of monthly financial statements and annual tax returns.

At no time did I have any contact with anyone from the Hart campaign, nor did I ever authorize my name to be used on any documents with respect to the alleged transaction. As such, I don't believe I have any personal culpability in any alledged wrongdoing.

Based on these facts, I hereby request that you dismiss me personally from any further action on this matter.

I look forward to hearing your decision.

Sincerely,

J. Meskan

Jeffrey Meskan

2043605137

Representative

STATEMENT OF DESIGNATION OF ~~COUNSEL~~

MUR 3020

NAME OF ~~COUNSEL~~ Representative: Dennis Meyer

ADDRESS: 5250 E. Evans Avenue
Denver, CO 80223

TELEPHONE: (303) 759-3375

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.

12/17/91
Date

J. Meskan
Signature

RESPONDENT'S NAME: Jeffrey Meskan

ADDRESS: 2011 E Orangewood Ave
Phoenix, AZ 85020-4726

HOME PHONE:

BUSINESS PHONE: (602) 252-3375

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Doc 3946

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WASHINGTON, D.C. 20005
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TELECOPIER (202) 682-0249

MARVIN J. SONOSKY
HARRY R. SACHSE
REID PEYTON CHAMBERS
WILLIAM R. PERRY
LLOYD BENTON MILLER
DONALD J. SIMON
DOUGLAS B.L. ENDRESON*
MYRA M. MUNSON**
ANNE D. NOTO

OF COUNSEL
TASSIE M.K. HANNA
ROGER W. DuBROCK**
KAY E. MAASSEN GOUWENS**

*WISCONSIN BAR
**ALASKA BAR

WEEXIE L. BARDAGLIO
LEGISLATIVE SPECIALIST

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(907) 258-6377
TELECOPIER (907) 272-8332

LLOYD BENTON MILLER

JUNEAU OFFICE
229 FOURTH STREET
JUNEAU, ALASKA 99801
(907) 586-5880
TELECOPIER (907) 586-5883

MYRA M. MUNSON

December 31, 1991

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 DEC 31 PM 2:34

24043605139

HAND DELIVERED

Jose M. Rodriguez, Esquire
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3020

Dear Mr. Rodriguez:

I am writing on behalf of the Friends of Gary Hart - 1988 Committee (FOGH) and its Treasurer in response to the Commission's letter of December 12, 1991 notifying the Committee of a new "reason to believe" finding made by the Commission.

This recent finding is largely duplicative of a previous finding made by the Commission on the same matter. See MUR 3020, Factual and Legal Analysis (Oct. 16, 1990) at pp. 9-10. In our letter of May 15, 1991, at pages 13-14, we set forth our response to this allegation. As we state in that letter, the Committee acknowledges that it accepted a donation of furniture with a fair market value of $1,174.80 from Office Liquidator's Inc. As soon as this matter was brought to the attention of Committee compliance officials, full payment for the furniture was made to Office Liquidator's, thus curing any potential illegal contribution.

The higher value for the furniture referenced in the Commission's finding is erroneous. The Committee's compliance officials obtained a fair market valuation of the furniture prior to the Committee's payment to Office Liquidator's, and that

valuation established the fair market cost of the furniture as $1,174.80, the price paid by the Committee. The Committee thus paid full market cost for the goods received.

As we stated in our May 15 letter, the Committee seeks pre-probable cause conciliation of this matter, as well as the other pending allegations in MUR 3020. In our view, the recent "reason to believe" finding adds no new factual allegations to the issues already pending in this MUR. This MUR has now been pending for over one year, and it has been over seven months since the Committee requested conciliation. We renew our request that the Commission pursue conciliation so that this matter can be resolved, and so the Committee can terminate its affairs.

Sincerely,

Donald J. Simon

DJS/cmt
Copy to:
Stephen Alfers, Esquire

2043605140

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

January 8, 1992

Richard W. Daily, Esq.
Elizabeth J. Lentini, Esq.
Davis, Graham & Stubbs
Suite 4700
370 Seventeenth Street
Denver, CO 80202

RE: MUR 3020
Colorado Democratic State
Central Committee and
Albert C. Gonzales, as treasurer

Dear Mr. Daily and Ms. Lentini:

On December 12, 1991, you were notified that, at your request, the Federal Election Commission determined to enter into negotiations directed toward reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On that same date you were sent a conciliation agreement offered by the Commission in settlement of this matter.

Please note that conciliation negotiations entered into prior to a finding of probable cause to believe are limited to a maximum of 30 days. To date, you have not responded to the proposed agreement. The 30 day period for negotiations will soon expire. Unless we receive a response from you within five days, this Office will consider these negotiations terminated and will proceed to the next stage of the enforcement process.

Should you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

2424360514 1

BURNS, WALL, SMITH AND MUELLER, P.C.
ATTORNEYS AT LAW
303 EAST SEVENTEENTH AVENUE, SUITE 800
DENVER, COLORADO 80203-1260
TELEPHONE (303) 830-7000
TELECOPIER (303) 830-6708

PETER J. WALL
GREGORY J. SMITH
GEORGE W. MUELLER
JAMES E. BOSIK
STEVEN F. MUELLER
FRANK T. HILL
ROBERT T. COSGROVE
JOHN D. AMEN
JAMES P. ROUSE
GRETCHEN L. AULTMAN
DONALD D. FARLOW

OF COUNSEL
THOMAS M. BURNS
FRANK H. HOUCK
DARRELL C. MILLER

SPECIAL COUNSEL
DANIEL B. MATTER
ANTHONY VAN WESTRUM
RICHARD W. DAILY

January 13, 1992

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JAN 17 AM 11:04

Federal Election Commission
Washington, D. C. 21463

Attn: Jose M. Rodriguez, Esq.

Re: MUR 3020 (Notice of Change of Address of one of the attorneys for Respondent Colorado Democratic State Central Committee and Albert C. Gonzales as Treasurer)

Dear Commissioners and Mr. Rodriguez:

Please be advised that I have withdrawn from the firm of Davis, Graham & Stubbs, and that I am now practicing law with the firm of Burns, Wall, Smith and Mueller, P.C. at the address shown on the letterhead.

Elizabeth Lentini, Esq., continues to serve as co-counsel with me in connection with MUR 3020. She continues to practice law with the firm of Davis, Graham & Stubbs at the address in your files.

Very truly yours,

Richard W. Daily

Richard W. Daily

cc: Elizabeth Lentini, Esq.
Howard Gelt, State Chair
Mike Armstrong, State Executive Director
Alberto C. Gonzales, C.P.A., State Treasurer

RECEIVED
FEDERAL ELECTION COMMISSION
92 JAN 17 AM 8:59

2043605142

RECEIVED
F.E.C.
SECRETARIAT

92 FEB 24 AM 9:58

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	**SENSITIVE**
	)	
Friends of Gary Hart and Stephen D. Alfers, as treasurer	) MUR 3020	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On October 16, 1990 the Federal Election Commission ("Commission") found reason to believe that Friends of Gary Hart ("Committee") and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 434(b)(3)(A), 441a(f) and 434(b)(5)(A). At that time the Committee requested and was denied pre-probable cause conciliation. Based on information uncovered during the course of the investigation, the Commission on November 13, 1991 found reason to believe the Committee knowingly and willfully violated the above provisions of the Federal Election Campaign Act of 1971, as amended. In response to these most recent findings the Committee has renewed its request to enter into pre-probable cause conciliation.

II. ANALYSIS

As discussed in the General Counsel's Report of October 24, 1991, there remain a number of outstanding issues regarding the apparent systematic use by the Committee of persons to make advances on its behalf. See Id. at 10. The Committee's most recent response is basically a reiteration of its response to the reason to believe findings and does not serve to clarify these

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outstanding issues. Moreover, as part of MUR 2583 (Americans With Hart) this Office is currently in the process of analyzing similar activity by individuals associated with the Committee during the 1984 election cycle (this Office will submit a report shortly analyzing both matters).

Because further information and examination is needed to resolve these issues, this Office recommends that the Commission deny Respondent's request to enter into pre-probable cause conciliation at this time.

III. RECOMMENDATIONS

1. Decline, at this time, to enter into conciliation with Friends of Gary Hart and Stephen D. Alfers, as treasurer, prior to a finding of probable cause to believe.

2. Approve the appropriate letter.

2/21/92
Date

Lawrence M. Noble
General Counsel

Attachments
1. Request for Conciliation

Staff Assigned: Jose M. Rodriguez

2404360514

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS /DONNA ROACH
COMMISSION SECRETARY

DATE: FEBRUARY 21, 1992

SUBJECT: MUR 3020 - GENERAL COUNSEL'S REPORT
DATED FEBRUARY 21, 1992

The above-captioned document was circulated to the Commission on MONDAY, FEBRUARY 24, 1992 11:00 A.M.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Potter	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for TUESDAY, MARCH 3, 1992.

Please notify us who will represent your Division before the Commission on this matter.

2436051145

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 3020
Friends of Gary Hart and	)	
Stephen D. Alfers, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on March 3, 1992, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 3020:

1. Decline, at this time, to enter into conciliation with Friends of Gary Hart and Stephen D. Alfers, as treasurer, prior to a finding of probable cause to believe.

2. Approve the appropriate letter as recommended in the General Counsel's report dated February 21, 1992.

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

Attest:

3-4-92
Date

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

2404360514 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 10, 1992

Donald J. Simon, Esq.
Sonosky, Chambers & Sachse
Suite 1000
1250 Eye Street, N.W.
Washington, D.C. 20005

RE: MUR 3020
Friends of Gary Hart
and Stephen D. Alfers,
as treasurer

Dear Mr. Simon:

On December 12, 1991, you were notified that the Federal Election Commission found reason to believe that your clients knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f, and 434(b)(3)(A). On December 31, 1991, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

As you know, on November 13, 1991, the Commission had denied your earlier request to entire into pre-probable cause conciliation. Because the investigation is still ongoing in this matter, the Commission has also denied your most recent request at this time. As soon as the investigation has been completed, this Office will notify you and at that time recommend entry into conciliation as you have requested.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

José M. Rodriguez
Attorney

2043605147

RECEIVED
F.E.C.
SECRETARIAT
97 MAR 17 PM 5:02

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Albert C. Gonzales, as treasurer	)	MUR 3020

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Richard W. Daily as attorney-in-fact for Colorado Democratic State Central Committee and Albert C. Gonzales, as treasurer.

2404360518

Respondent has submitted a check for the first installment in the amount of $1,000.

For the reasons stated above, this Office recommends that the Commission accept the attached conciliation agreement with Colorado Democratic State Central Committee and Albert C. Gonzales, as treasurer.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Albert C. Gonzales, as treasurer.
2. Close the file as to this respondent.
3. Approve the appropriate letter.

4/7/92
Date

Lawrence M. Noble
General Counsel

Attachments
1. Conciliation Agreement
2. Photocopy of civil penalty check

Staff Assigned: Jose M. Rodriguez

2043605149

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Albert C. Gonzales, as treasurer.	)	MUR 3020
	)	
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 23, 1992, the Commission decided by a vote of 5-0 to take the following actions in MUR 3020:

1. Accept the conciliation agreement with Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Albert C. Gonzales, as treasurer, as recommended in the General Counsel's Report dated April 17, 1992.

2. Close the file as to this respondent.

3. Approve the appropriate letter, as recommended in the General Counsel's Report dated April 17, 1992.

Commissioners Aikens, Elliott, McGarry, Potter and Thomas voted affirmatively for the decision; Commissioner McDonald did not cast a vote.

Attest:

4-23-92
Date

Delores R. Harris
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Fri., April 17, 1992 5:02 p.m.
Circulated to the Commission: Mon., April 20, 1992 4:00 p.m.
Deadline for vote: Thurs., April 23, 1992 4:00 p.m.

2043605150

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 30, 1992

Richard W. Daily, Esq.
Burns, Wall, Smith and Mueller
303 East Seventeenth Ave.
Suite 800
Denver, CO 80203-1260

RE: MUR 3020
Colorado Democratic State
Central Committee and
Albert C. Gonzales, as treasurer

Dear Mr. Daily:

On April 23, 1992, the Federal Election Commission accepted the signed conciliation agreement and the first civil penalty installment payment submitted on your clients' behalf in settlement of a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended, and 11 C.F.R. § 102.5(a)(1), a provision of the Commission's Regulations. Accordingly, the file has been closed in this matter as it pertains to your clients.

This matter will become a part of the public record within 30 days after it has been closed with respect to all other respondents involved. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

2043605151

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
	)	MUR 3020
Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Albert C. Gonzales, as treasurer	)	

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 APR -9 PM 3:36

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CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that the Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) and Albert C. Gonzales, as treasurer ("Respondents" or "the State Party") violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Albert C. Gonzales is the treasurer of The Colorado Democratic State Central Committee (Federal Account/Non-Federal Account).

3. The Friends of Gary Hart is a political committee within the meaning of 2 U.S.C. § 431(4), and the authorized committee of 1988 presidential candidate Gary Hart.

4. During December, 1986 until May 1, 1987, the Hart Committee occupied office space leased by respondent, but failed to make timely rental payments to the State Party, contrary to its informal agreement to do so. Therefore, respondents advanced rental payments on behalf of the Hart Committee totaling $21,300. These payments were made from the State Party's non-federal account.

5. Respondents also made the following payments to vendors on behalf of the Hart Committee under an informal reimbursement agreement.

Date	Amount	Vendor
12/17/86	$2,500	Mountain Bell
12/17/86	$2,070	High Country Wire & Telephone
01/07/87	$1,000	AT&T
02/05/87	$ 310	Villa Monaco Liquors
	$5,880	

Thus, respondents expended a total of $27,180 on behalf of the Hart Committee.

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6. The Hart Committee accepted these payments made by the State Party on its behalf. The Hart Committee reimbursed the State Party on the following dates.

Date	Amount
01/05/87	$2,800
01/20/87	$3,250
02/05/87	$3,500
06/03/87	$7,350
07/19/88	$5,280
	$22,180

7. In lieu of collecting rent for March and part of April of 1987, the State Party made a $5,000 in kind contribution on behalf of the Hart Committee.

8. The State Party made its payments to the landlord from its state account. This account contained funds that would be excessive and prohibited under the Act. Funds expended included $2,143.07 in impermissible funds.

9. Pursuant to 2 U.S.C. § 441b(b)(2), the term contribution includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value made in connection with any election.

10. Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions in connection with any federal election.

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11. Pursuant to 11 C.F.R. § 102.5(a), political committees conducting both federal and non-federal activities may either establish a separate depository account which is treated as a separate political committee, or accept only funds subject to the Act's prohibitions and limitations. Committees opting to establish a separate depository account may only accept into this account funds subject to the Act's prohibitions and limitations. All disbursements, contributions, expenditures and transfers made by the committee in connection with any federal election shall be made from its federal account. Id.

V. Respondents made payments on behalf of the Friends of Gary Hart totaling $27,180 from their non-federal account, $2,143.07 of which came from impermissible funds, in violation of 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Four Thousand Dollars ($4,000), pursuant to 2 U.S.C. § 437g(a)(5)(A), such penalty to be paid as follows:

1. One initial payment of $1,000 due on April 1, 1992;

2. Thereafter, beginning on May 1, 1992, 3 consecutive monthly installment payments of $1,000 each;

3. Each such installment shall be paid on the first day of the month in which it becomes due;

4. In the event that any installment payment is not received by the Commission by the fifth day of the month in which it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due

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upon ten days written notice to the respondents. Failure by the Commission to accelerate the payments with regard to any overdue installment shall not be construed as a waiver of its right to do so with regard to future overdue installments.

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

J M Noble (JP) 4/29/92

Lawrence M. Noble
General Counsel

Date

FOR THE RESPONDENTS:
COLORADO DEMOCRATIC STATE CENTRAL COMMITTEE

By Richard W. Daily
(Name) RICHARD W. DAILY
(Position) ATTORNEY IN FACT

March 23, 1992

Date

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DEMOCRATIC STATE CENTRAL COMMITTEE
FEDERAL ACCOUNT
P.O. BOX 300338
DENVER, CO 80203

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23-602/1020

April 16 19 92

PAY TO THE ORDER OF Federal Election Commission $ 1000.00

One Thousand 00/100 DOLLARS

1ST BANK
REPUBLIC PLAZA N.A.
370 17TH STREET
DENVER CO 80202

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FOR May Pymt

Michael Simpson
Alberta E. Snyder

RECEIVED
F.E.C.
SECRETARIAT

93 JUL 26 PM 3:35

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	**SENSITIVE**
	)	
Friends of Gary Hart-88	)	MUR 3020
The Volunteer Committee	)	
Tally Ho Motor Inn	)	
The Monarch Group, Inc.	)	
Frankland & Leinhard, Inc.	)	
Office Liquidators Inc. and	)	
Dennis Meyer, Jeffrey Meskan,	)	
and Scott Trauth	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter primarily involves the subsidization of Gary Hart's 1988 presidential campaign by several individuals and entities. Based on a referral from the Audit Division, the Commission found that Friends of Gary Hart-88, Inc., ("FGH") accepted both corporate and excessives contributions, many of them in-kind. Specifically, on October 16, 1990, the Commission found reason to believe FGH violated 2 U.S.C. § 441a(f) by accepting excessive contributions totaling $57,010[1] and 2 U.S.C. § 441b(a) by accepting corporate contributions totaling $34,777. Based on some of the same transactions, the Commission also found reason to believe the Gersten Companies, Inc., and Albert H. Gersten, Jr., as an officer; YCS Investments, Inc.; Frankland and Leinhard, Inc.; The Monarch Group, Inc.; and Tally Ho Motor Inn violated 2 U.S.C. § 441b(a) by making corporate contributions. Several of these corporate contributions

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1. Of the listed amount, approximately $4,000 (or a portion thereof) may prove to have come from a corporate source.

(totaling $5,100) were in connection with a July 1986 event held by respondent the Volunteer Committee.[2] Although billed as a democratic leadership/political conference, there is an indication that during the event some discussion of Mr. Hart's 1988 presidential bid took place. Respondents concede this, and allocate 25% of the contributions to the event for testing-the-waters activity attributable to FGH.[3] Consequently, under respondents' allocation, the Volunteer Committee is in violation for accepting 75% of the corporate contributions to the event (totaling $3,825) and FGH is in violation for accepting 25% of the amount (totaling $1,275).

A substantial additional portion of the contributions at issue were made in-kind. Respondent Albert H. Gersten, Jr., both individually and through his corporation, provided the campaign with office equipment, campaign materials, transportation, and phone services, totaling $9,442.88. Mr. Gersten, through his corporation, also provided the campaign

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2. The Volunteer Committee is a federal political committee whose Statement of Organization indicated its purpose as to promote volunteer involvement of individuals in the Democratic Party, and to contribute to candidate committees. Many of the individuals associated with the Volunteer Committee were also associated with Gary Hart's presidential campaign committees.

3. Although respondents' allocation is questionable, the available evidence (including evidence uncovered as a result of the Commission's investigation in MUR 2583 (Americans With Hart) (companion case involving the subsidization of Gary Hart's 1984 presidential campaign)) is insufficient to establish a more precise allocation formula. Additionally, because the activity in question took place approximately seven years ago, it is unlikely that further investigation will uncover additional probative evidence. Consequently, the Office of the General Counsel accepts respondents' allocation for purposes of this matter.

with numerous goods and services in connection with a dinner honoring the candidate Gary Hart, totaling $23,111.44. Similarly, the Colorado Democratic State Central Committee provided the campaign with office space, telephone service, and liquor. These contributions totaled $27,180.

The campaign was also provided with office furniture. Specifically, two corporations, Merchant's Office Furniture, Inc., and Office Liquidators, Inc., provided the campaign with numerous office items. In the case of respondent Office Liquidators, Inc., there is evidence that the campaign, through its agent, instructed the corporation's individual owners to report the contributions as in-kind contributions from them and their spouses individually, thereby concealing the corporate source. The furniture provided by Office Liquidators, Inc., was worth a total of $4,923.

On January 30, 1991, the Commission entered into pre-probable cause conciliation with YSC Investments, Inc., one of the corporate contributors to FGH. Subsequently, on November 13, 1991, the Commission voted to take no further action as to respondent Merchants Office Furniture, Inc., and to enter into pre-probable cause conciliation with the Colorado Democratic State Central Committee. On the same date, the Commission also made Section 441b(a) and 441f findings against the owners of Office Liquidators, Inc. -- Dennis Meyer, Jeffrey Meskan, and Scott Trauth; and knowing and willful Section 441b(a), 441f, and 434(b)(3)(A) findings against FGH as concerned the Office Liquidators, Inc., transactions. The Commission

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conciliated with respondents YCS Investments, Inc., and the Colorado Democratic State Central Committee by agreements dated December 12, 1991, and April 29, 1992, respectively.

The activity at issue in this matter took place from approximately July 1986 through December 1987. In an effort to expeditiously bring the matter to a conclusion, this Office intends to focus primarily on the central actors in the transactions (i.e., FGH, Mr. Gersten and The Gersten Companies, Inc., and the Volunteer Committee), while closing the matter and conciliating with the balance of the outstanding respondents.[4] Accordingly, the subjects of this report are no further action and pre-probable cause conciliation recommendations with regard to Frankland & Leinhard, Inc., The Monarch Group, Inc., Tally Ho Motor Inn, Office Liquidators, Inc., Dennis Meyer, Jeffrey Meskan, and Scott Trauth.

In its next report in this matter, this Office intends to address the principal respondents, FGH, Mr. Gersten and The Gersten Companies, Inc., and the Volunteer Committee. Based on an evaluation of the evidence already in the Commission's possession, this Office will recommend that the Commission enter into pre-probable cause conciliation with respect to the violations supported by the evidence, rather than conducting any further investigation.

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4. Because of its maturity, the Commission recently slated for closing the companion case to this matter - MUR 2583 (Americans With Hart). The activity at issue in that case overlapped to a certain extent with the activity presently at issue. Consequently, it is not inconsistent to now narrow the focus of this matter.

II. ANALYSIS

a. Corporate Contributions

As previously discussed, Frankland & Leinhard, Inc., The Monarch Group, Inc., and Tally Ho Motor Inn were found to have made corporate contributions in violation of 2 U.S.C. § 441b(a). During the Audit of FGH the auditors found that Frankland & Leinhard made a $1,000 contribution on February 2, 1987, to FGH. The committee refunded the contribution on June 29, 1988. Frankland & Leinhard has not responded to the Commission's finding. While it is clear that Respondent is in violation of the Act, because of the age of the case and the relatively small amount involved in the violation, and in accordance with our present approach, this Office recommends that the Commission take no further action as to this respondent.[5]

The Monarch Group, Inc., and Tally Ho Motor Inn made contributions of $1,000 and $1,600, respectively. These contributions were paid as attendance fees for the Volunteer Committee's July 86 meeting. The payments, however, were not made directly to the Volunteer Committee, but rather to Stratton and Associates, Inc., a company retained by the Volunteer Committee to organize the event. Upon the recipient committees'

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instructions, Stratton and Associates refunded The Monarch Group's contribution on March 24, 1987, and Tally Ho Motor Inn's contribution on the following day, March 25, 1987.

In response The Monarch Group essentially argues that it believed that the attendance fee to Stratton and Associates was for participation in a political workshop and had no knowledge, nor was it made aware, that the funds were for the benefit of any political committee or specific candidate. See Attachment 1. In support of this argument, respondent points to the fact that the fee check was written directly to Stratton and Associates. The available documentation does not support respondent's argument. Both the attendance memo and schedule for the event provided to respondent make it clear that at least a portion of the discussions would focus on Gary Hart's and the Volunteer Committee's activities. See Attachment 2 (a portion of these documents was discovered during the investigation in MUR 2583 (Americans With Hart)). Irrespective of this, the Office of the General Counsel, as above, recommends that in light of the comparably minor nature of the violation and the need to more narrowly focus the matter the Commission take no further action as to this respondent.[6]

In its response to the Commission's finding Tally Ho Motor Inn clarifies that it is not an incorporated entity. See Attachment 3. Therefore, because the Volunteer Committee is a

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6. The individual associated with The Monarch Group, David Stein, is a respondent in MUR 2583. As previously noted, the Commission has targeted that matter for closing and if closed will take no further action against Mr. Stein.

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political committee capable of accepting up to $5,000 a year from an individual contributor and FGH, as a principal campaign committee, may accept up to $1000, under the previously discussed allocation formula respondent's contribution would be within the permissible limits and not in violation of the Act. (Under the 75%/25% allocation respondent contributed $1,200 to the Volunteer Committee and $400 to FGH). Accordingly, the Office of the General Counsel recommends that the Commission take no further action as to this respondent also.

b. In-Kind Corporate Contributions of Furniture

Respondent Office Liquidators, Inc., and its owners -- Dennis Meyer, Jeffrey Meskan, and Scott Trauth, provided FGH assorted furniture with a retail value of $4,923. This contribution was reported as six individual contributions from the corporation's owners and their spouses ($1,641 per couple). Subsequent to the Audit Division's inquiry, FGH acknowledged the corporate source of the furniture, reassessed its value at $1,174.80, and paid this amount to Office Liquidators.

Based on information provided in response to the Commission's findings by the corporation's president Dennis D. Meyer, the Commission determined that FGH had instructed respondents to conceal the corporate source of the contribution by attributing the contribution to the corporation's three owners and their spouses. See General Counsel's Report in this matter dated October 24, 1991, at 10-13. Based on this additional evidence, on November 13, 1991, the Commission made knowing and willful 441b(a), 441f, and 434(b)(3)(A) findings

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against FGH and 441b(a) and 441f findings against the three individual owners.

In response to the Commission's November 13, 1991, findings, FGH, reiterating its response to the initial reason to believe findings, argues that it made full payment for the furniture upon becoming aware of the corporate source of the contribution, thereby correcting the violation. See Attachment 4. As concerns the furniture's value, respondent argues that its "compliance officials obtained a fair market valuation of the furniture prior to the Committee's payment ... and that valuation established the fair market cost of the furniture as $1,174.80." Id. at 1-2.

Responses from the corporation's president Dennis D. Meyer, however, negate FGH's claims. As previously noted, the available evidence suggests that the misattribution was made at the committee's behest. Consequently, there is no validity to FGH's argument that they were not initially aware of the corporate source of the contributions. Similarly, Mr. Meyer in his most recent response explains that the payment figure ($1,174.80) was not the fair market value for the furniture. Attachment 6. Mr. Meyer explains that the total $4,923 contribution amount reported represents "the actual prices marked on each [furniture] item as displayed on our showroom floor," (i.e., the retail cost). Id. at 1. Mr. Meyer further explains that Office Liquidators "later agreed" to sell the furniture for the discounted amount, because he was assured by FGH that payment would settle the matter and that FGH could not

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afford to pay a higher price. The $1,174.80 figure was arrived at by adding 10% to the cost of the furniture and then adding $100 for delivery. Mr. Meyer makes it clear that selling furniture at only 10% above costs is not the usual and normal charge for the sale of furniture.

The Commission's regulations at 11 C.F.R. § 100.7(a)(1)(iii)(B) establish the usual and normal charge for goods as the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution. Accordingly, the contribution total is $4,923, the retail price of the furniture at the time of the contribution.[7]

Concerning the liability issue, Mr. Meyer in his response to the Commission's initial finding noted that while he and the other owners did follow FGH's instructions in attributing the contributions, and while they were made aware that corporate contributions were prohibited, they were not made aware that by complying with FGH's instructions they were violating the law. In his most recent response Mr. Meyer explains that because Office Liquidators was a fully capitalized Subchapter S Corporation, he did not see any problem in following FGH's instructions. Mr. Meyer notes that the fact that the six contributions were reported in equal amounts of $820.50 belies

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7. Although a portion of this amount has been paid by FGH, because payment did not occur until over a year after the furniture was provided to the committee and, therefore, the committee obtained free use of the furniture for the intervening period, the full $4,923 amount remains at issue. See 11 C.F.R. § 114.10(a) (now 11 C.F.R. § 116.3) (non-commercially reasonable extensions of credit deemed contributions).

any notion that he and the other owners were attempting to disguise the source of the contributions. Mr. Meyer reiterates that he feels FGH misled him.

Scott Trauth in his separate response explains that he has since the period of the transaction at issue sold his interest in the corporation and that even during the period when he held an interest in the corporation he was not responsible for any of its day to day operations. See Attachment 6. Mr. Trauth continues that although he has a vague recollection of the transaction, he cannot recall any of the specific details. Jeffrey Meskan in his separate response similarly explains that he has never had any involvement in the corporation's day to day affairs. Attachment 7. He further explains that he never had any contact with FGH and that he never authorized his name to be used on any documents with respect to the alleged transactions. Although submitting separate responses, because Mr. Meyer was the individual directly involved with the committee, both Messrs. Trauth and Meskan adopt Mr. Meyer's response.

While respondents' explanation of the circumstances surrounding the transactions at issue do not serve to excuse the violations, these explanations do suggest that respondents were acting at the behest of FGH and that they were led to believe by FGH that the transactions were in fact legitimate. Because there is now a complete understanding of the circumstances surrounding the transactions, the Office of the General Counsel recommends that the Commission enter into conciliation with respondents prior to a finding of probable cause to believe.

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Attached for the Commission's approval is a single conciliation agreement for the corporation and its three owners.

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III. RECOMMENDATIONS

1. Take no further action against Frankland and Leinhard, Inc., The Monarch Group, Inc., and Tally Ho Motor Inn.

2. Close the file as it pertains to Frankland and Leinhard, Inc., The Monarch Group, Inc., and Tally Ho Motor Inn.

3. Enter into conciliation prior to a finding of probable cause to believe with Office Liquidators, Inc., Dennis Meyer, Jeffrey Meskan, and Scott Trauth.

4. Approve the proposed conciliation agreement.

5. Approve the appropriate letters.

7/26/93
Date

Lawrence M. Noble
General Counsel

Attachments
1. The Monarch Group's response.
2. July 1986 event documents.
3. Tally Ho Motor Inn's response.
4. Friends of Gary Hart-88's December 31, 1991, response.
5. Dennis Meyer's December 19, 1991, response.
6. Scott Trauth's response.
7. Jeffrey Meskan's response.
8. Proposed Conciliation Agreement.

Staff assigned: Jose M. Rodriguez

24043605171

FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DELORES HARDY
COMMISSION SECRETARY

DATE: JULY 29, 1993

SUBJECT: MUR 3020 - GENERAL COUNSEL'S REPORT DATED JULY 26, 1993.

The above-captioned document was circulated to the Commission on Tuesday, July 27, 1993 at 11:00 A.M.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	XX
Commissioner McDonald	
Commissioner McGarry	
Commissioner Potter	
Commissioner Thomas	

This matter will be placed on the meeting agenda for Tuesday, August 3, 1993.

Please notify us who will represent your Division before the Commission on this matter.

2420436051772

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 3020
Friends of Gary Hart-88;	)	
The Volunteer Committee;	)	
Tally Ho Motor Inn;	)	
The Monarch Group, Inc.;	)	
Frankland & Leinhard, Inc.;	)	
Office Liquidators Inc. and Dennis Meyer, Jeffrey Meskan, and Scott Trauth	)	

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on August 10, 1993, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 3020:

1. Take no further action against Frankland and Leinhard, Inc., The Monarch Group, Inc., the Tally Ho Motor Inn, Office Liquidators, Inc., Dennis Meyer, Jeffrey Meskan, and Scott Trauth.

2. Close the file as it pertains to Frankland and Leinhard, Inc., The Monarch Group, Inc., Tally Ho Motor Inn, Office Liquidators, Inc., Dennis, Meyer, Jeffrey Meskan, and Scott Trauth.

(continued)

3. Direct the Office of General Counsel to send appropriate letters pursuant to the actions noted above, and include admonishment language in certain of those letters as agreed during the meeting discussion.

Commissioners Aikens, Elliott, McDonald, McGarry, and Potter voted affirmatively for the decision. Commissioner Thomas was not present.

Attest:

8-13-93
Date

Marjorie W. Emmons
Secretary of the Commission

2404360514

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 17, 1993

M. Myron Lepkaluk
D/B/A Frankland & Leinhard, Inc.
12800 S.W. 62nd Avenue
Miami, FL 33156

RE: MUR 3020

Dear Sir/Madam:

On November 27, 1990, you were notified that the Federal Election Commission found reason to believe that Frankland & Leinhard, Inc., violated 2 U.S.C. § 441b(a).

After considering the circumstances of the matter, the Commission determined on August 10, 1993, to take no further action against Frankland & Leinhard, Inc., and closed the file as it pertains to Frankland & Leinhard, Inc. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 17, 1993

Paul E. Sullivan, Esq.
Wunder, Ryan, Cannon & Thelen
1615 L. Street, N.W.
Suite 650
Washington, DC 20036

RE: MUR 3020
The Monarch Group, Inc.

Dear Sullivan:

On November 27, 1990, your client was notified that the Federal Election Commission found reason to believe that The Monarch Group, Inc., violated 2 U.S.C. § 441b(a). On January 3, 1991, you submitted a response to the Commission's reason to believe finding.

After considering the circumstances of the matter, the Commission determined on August 10, 1993, to take no further action against your client, and closed the file as it pertains to your client. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

cc: Peter A. Bagatelos, Esq.

2043605176

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 17, 1993

Mr. Ervin Torrel
Tally Ho Motor Inn
74 Rockwood Court
San Francisco, CA 94127

RE: MUR 3020

Dear Mr. Torrel:

On November 27, 1990, you were notified that the Federal Election Commission found reason to believe that Tally Ho Motor Inn violated 2 U.S.C. § 441b(a). On December 11, 1990, you submitted a response to the Commission's reason to believe finding.

After considering the circumstances of the matter, the Commission determined on August 10, 1993, to take no further action against Tally Ho Motor Inn, and closed the file as it pertains to Tally Ho Motor Inn. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

August 17, 1993

Dennis D. Meyer, President
Office Liquidators, Inc.
5250 E. Evans Avenue
Denver, CO 80222

RE: MUR 3020
Office Liquidators, Inc.
Dennis D. Meyer
Scott Trauth
Jeffrey Meskan

Dear Mr. Meyer:

On November 27, 1990, you were notified that the Federal Election Commission found reason to believe that Office Liquidators, Inc., violated 2 U.S.C. § 441b(a). Subsequently, on December 12, 1991, you and the above listed individuals were notified that the Federal Election Commission also found reason to believe Office Liquidators, Inc., and its owners - Scott Trauth, Jeffrey Meskan, and you, violated 2 U.S.C. § 441f. On January 17, 1991, and December 26, 1991, you submitted responses to the Commission's reason to believe findings.

After considering the circumstances of the matter, the Commission determined on August 10, 1993, to take no further action against Office Liquidators, Inc., Scott Trauth, Jeffrey Meskan, and you, and closed the file as it pertains to the corporation and its owners. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

The Commission reminds you and Messrs. Trauth and Meskan that the making of corporate contributions in the name of the corporation's individual owners is a violation of 2 U.S.C. §§ 441b(a) and 441f . You should take steps to ensure that this activity does not occur in the future.

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If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

cc: Scott Trauth
Jeffrey Meskan

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SECRETARIAT

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 13, 1994

MEMORANDUM

To: The Commission

From: Lois G. Lerner
Associate General Counsel

Subject: MUR 3020

Recommended Actions in Light of FEC v. NRA Political Victory Fund, No. 91-5360, (D.C. Cir. Oct. 22, 1993)

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I. BACKGROUND

On November 5, 1993, the Office of the General Counsel forwarded to the Commission a memorandum regarding the recent appellate decision in FEC v. NRA Political Victory Fund, et al. No. 91-5360 (D.C. Cir. Oct. 22, 1993) and advised the Commission on the effects and implications of that decision on the pending enforcement caseload. This Office has reviewed the Commission's pending enforcement docket and in this memorandum makes recommendations with respect to MURs in which the Commission found reason to believe prior to the court's decision in NRA. The recommendations put forth as to each of the nine matters are consistent with the Commission's November 9, 1993, decisions concerning compliance with the NRA opinion.

II. RECOMMENDED ACTIONS IN LIGHT OF FEC v. NRA

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MUR 3020

This Office recommends that the Commission, consistent with its November 9, 1993, decisions concerning compliance with the NRA opinion, and based on the original referral from the Audit Division, revote to: find reason to believe that Friends of Gary Hart and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A), but take no further action as to the allegations involving the sale of the

belt buckles; find reason to believe that Albert H. Gertsen violated 2 U.S.C. § 441a(a)(1)(A) and 441b(a); find reason to believe the Gersten Companies, Inc. violated 2 U.S.C. § 441b(a); and, find reason to believe the Volunteer Committee and Michael Moore, as treasurer, violated 2 U.S.C. § 441b(a). This Office also recommends that the Commission revote to approve the Factual and Legal Analyses for these respondents that were attached to the General Counsel's Report dated October 3, 1990, and amended during Executive Session on October 16, 1990. A copy of the certification reflecting the Commission's previous vote is attached. (Attachment 5.)

This Office further recommends that the Commission revote to find reason to believe that Friends of Gary Hart and Stephen Alfers, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f, and 434(b)(3)(A). This Office also recommends that the Commission revote to approve the Factual and Legal Analysis for these respondents that was attached to the General Counsel's Report dated October 29, 1991. A copy of the certification reflecting the Commission's previous vote is attached. (Attachment 6.)

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III. RECOMMENDATIONS

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4. **MUR 3020**

a. Find reason to believe that Friends of Gary Hart and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A), but take no further action as to the allegations involving the sale of the belt buckles.
b. Find reason to believe that Albert H. Gertsen violated 2 U.S.C. § 441a(a)(1)(A) and 441b(a).
c. Find reason to believe that the Gersten Companies, Inc. violated 2 U.S.C. § 441b(a).
d. Find reason to believe that the Volunteer Committee and Michael Moore, as treasurer, violated 2 U.S.C. § 441b(a).
e. Approve the Factual and Legal Analyses attached to the General Counsel's Report dated October 3, 1990, and amended during Executive Session on October 16, 1990.
f. Find reason to believe that Friends of Gary Hart and Stephen Alfers, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f, and 434(b)(3)(A).
g. For the finding recommended in section f. above, approve the Factual and Legal Analysis attached to the General Counsel's Report dated October 29, 1991.
h. Approve the appropriate letters.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Friends of Gary Hart and Stephen D. Alfers, as treasurer;	)	MUR 3020
Albert H. Gertsen;	)	
Gersten Companies, Inc.;	)	
Volunteer Committee and Michael Moore, as treasurer.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify on January 25, 1994, the Commission decided by a vote of 6-0 to take the following actions in MUR 3020:

1. Find reason to believe that Friends of Gary Hart and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A), but take no further action as to the allegations involving the sale of the belt buckles.

2. Find reason to believe that Albert H. Gertsen violated 2 U.S.C. § 441a(a)(1)(A) and 441b(a).

(continued)

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3. Find reason to believe that the Gersten Companies, Inc. violated 2 U.S.C. § 441b(a).

4. Find reason to believe that the Volunteer Committee and Michael Moore, as treasurer, violated 2 U.S.C. § 441b(a).

5. Approve the Factual and Legal Analyses attached to the General Counsel's Report dated October 3, 1990

6. Find reason to believe that Friends of Gary Hart and Stephen Alfers, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f, and 434(b)(3)(A).

7. For the finding recommended in number 6. above, approve the Factual and Legal Analysis attached to the General Counsel's Report dated October 29, 1991.

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(continued)

8. Approve the appropriate letters, as recommended in the General Counsel's Memorandum dated January 13, 1994.

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

Attest:

1-26-94
Date

Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Thurs., Jan. 13, 1994 11:29 a.m.
Circulated to the Commission: Thurs., Jan. 13, 1994 4:00 p.m.
Deadline for vote: Wed., Jan. 19, 1994 4:00 p.m.
Insufficient votes at deadline.

dh

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

FEBRUARY 8. 1994

Donald J. Simon, Esq.
Sonosky, Chambers & Sachse
Suite 1000
1250 Eye Street, N.W.
Washington, DC 20005

RE: MUR 3020
Friends of Gary Hart
and Stephen D. Alfers,
as treasurer

Dear Mr. Simon:

On October 16, 1990, the Federal Election Commission found that there is reason to believe your clients, Friends of Gary Hart and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A). On the same date, the Commission also decided to take no further action as to the allegations concerning the sale of certain belt buckles.

Subsequently, on November 13, 1991, the Commission found that there is reason to believe your clients knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f and 434(b)(3)(A) in connection with the use of office furniture.

As you may be aware, on October 22, 1993, the D.C. Circuit declared the Commission unconstitutional on separation of powers grounds due to the presence of the Clerk of the House of Representatives and the Secretary of the Senate or their designees as members of the Commission. FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed, (U.S. No. 93-1151, Jan. 18, 1994). Since the decision was handed down, the Commission has taken several actions to comply with the court's decision. While the Commission petitions the Supreme Court for a writ of certiorari, the Commission, consistent with that opinion, has remedied any possible constitutional defect identified by the Court of Appeals by reconstituting itself as a six member body without the Clerk of the House and the Secretary of the Senate or their designees. In addition, the Commission has adopted specific procedures for revoting or ratifying decisions pertaining to open enforcement matters.

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In this matter, on January 25, 1994, the Commission revoted to find reason to believe that your clients violated 2 U.S.C. §§ 441b(a), 441a(f), 434(b)(3)(A) and 434(b)(5)(A), and to take no further action as to the allegations concerning the sale of certain belt buckles. The Commission further revoted to find reason to believe your clients knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f and 434(b)(3)(A) in connection with the use of office furniture. The Commission also voted to approve the Factual and Legal Analyses previously mailed to you. Please refer to those documents for the bases of the Commission's decisions. If you need additional copies, they will be provided upon request.

If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

For the Commission,

Trevor Potter
Chairman

2404360510

FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

FEBRUARY 8, 1994

Tom K. Houston, Esq.
Carlsmith, Ball, Wichman, Murray,
Case, Mukai & Ichiki
555 South Flower Street
25th Floor
Los Angeles, CA 90071-2326

RE: MUR 3020
Albert H. Gersten
The Gersten Companies, Inc.

Dear Mr. Houston:

On October 16, 1990, the Federal Election Commission found that there is reason to believe that your client Albert H. Gersten violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a). On the same date the Commission also found reason to believe your client The Gersten Companies, Inc. violated 2 U.S.C. § 441b(a).

As you may be aware, on October 22, 1993, the D.C. Circuit declared the Commission unconstitutional on separation of powers grounds due to the presence of the Clerk of the House of Representatives and the Secretary of the Senate or their designees as members of the Commission. FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed, (U.S. No. 93-1151, Jan. 18, 1994). Since the decision was handed down, the Commission has taken several actions to comply with the court's decision. While the Commission petitions the Supreme Court for a writ of certiorari, the Commission, consistent with that opinion, has remedied any possible constitutional defect identified by the Court of Appeals by reconstituting itself as a six member body without the Clerk of the House and the Secretary of the Senate or their designees. In addition, the Commission has adopted specific procedures for revoting or ratifying decisions pertaining to open enforcement matters.

In this matter, on January 25, 1990, the Commission revoted to find reason to believe that your clients violated the above listed provisions of the Act, and to approve the Factual and Legal Analysis previously mailed to you. Please refer to that document for the bases of the Commission's decisions. If you need an additional copy, one will be provided upon request.

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If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

For the Commission,

Trevor Potter
Chairman

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FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

FEBRUARY 8, 1994

Michael R. Moore
Volunteer Committee
707 17th Street
Suite 3800
Denver, CO 80202

RE: MUR 3020
The Volunteer Committee and
Michael R. Moore, as treasurer

Dear Mr. Moore:

On October 16, 1990, the Federal Election Commission found that there is reason to believe The Volunteer Committee ("Committee") and you, as treasurer, violated 2 U.S.C. § 441b(a).

As you may be aware, on October 22, 1993, the D.C. Circuit declared the Commission unconstitutional on separation of powers grounds due to the presence of the Clerk of the House of Representatives and the Secretary of the Senate or their designees as members of the Commission. FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed, (U.S. No. 93-1151, Jan. 18, 1994). Since the decision was handed down, the Commission has taken several actions to comply with the court's decision. While the Commission petitions the Supreme Court for a writ of certiorari, the Commission, consistent with that opinion, has remedied any possible constitutional defect identified by the Court of Appeals by reconstituting itself as a six member body without the Clerk of the House and the Secretary of the Senate or their designees. In addition, the Commission has adopted specific procedures for revoting or ratifying decisions pertaining to open enforcement matters.

In this matter, on January 25, 1994, the Commission revoted to find reason to believe that the Committee and you, as treasurer, violated 2 U.S.C. § 441b(a), and to approve the Factual and Legal Analysis previously mailed to you. Please refer to that document for the basis of the Commission's decision. If you need an additional copy, one will be provided upon request.

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If you have any questions, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

For the Commission,

Trevor Potter
Chairman

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MYRA M. MUNSON

March 7, 1994

HAND DELIVERED

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

Re: MUR 3020

Dear Mr. Noble:

By letter of February 8, 1994, I was informed that the Commission has re-voted its "reason to believe" findings in regard to Friends of Gary Hart (FOGH) and Stephen D. Alfers.

The original "reason to believe" findings were made in October, 1990. By letter dated May 15, 1991, I responded at length to each of the allegations set forth in the "reason to believe" determination.

These matters arise from the 1988 election; indeed, many of the events at issue took place in 1987, a full seven years ago. The original "reason to believe" determination was made almost three and a half years ago. Little, to our knowledge, has transpired in this Matter since I originally responded to the allegations in 1991.

These allegations are now stale to the point that the Commission's continued pursuit of them works a substantial hardship on the Committee. At this

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point -- seven years after the events, almost six years after the election at issue, more than three years after the initial allegations -- it is increasingly difficult for the Committee to maintain both the resources and the access to the personnel with knowledge of these events necessary to defend itself. The delay in pursuing this Matter has been entirely the Commission's; the Committee has received no request for information and has sought no delay since we submitted our views in May, 1991.

Enough is enough. In light of the patently unreasonable passage of time and the unfairness of continuing to impose upon the Committee the burden to defend itself against stale allegations, I respectfully request the Commission to close this Matter with no further action.

If the Commission should decline to do so, I note that in a letter dated February 5, 1991 I requested pre-probable cause conciliation in order to resolve this issue. I renewed this request in my letter of May 15, 1991. I renewed this request again by letter of December 31, 1991. I renew this request again now. Six years since the election at issue is more than sufficient time for the Commission to discharge its enforcement obligations. This matter should be closed, or resolved, and soon.

Respectfully,

Donald J. Simon

DJS/cmt
Copy to:
Stephen D. Alfers, Esquire

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer	)	MUR 3020
The Volunteer Committee and Michael R. Moore, as treasurer	)	
The Gersten Companies, Inc.	)	
Albert H. Gersten, Jr.	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter primarily involves illegal contributions to Gary Hart's 1988 presidential campaign from several individuals and entities. Based on a referral from the Audit Division, the Commission found that Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, ("FGH") accepted both corporate and excessive contributions, many of them in-kind, totaling $88,737.71. The Commission made knowing and willful findings against FGH concerning $4,923 of the total amount. The Commission also found reason to believe the Volunteer Committee accepted corporate contributions, totaling $2,625. Lastly, the Commission found that Albert H. Gersten, Jr., either personally or through his corporation, The Gersten Companies, Inc., made contributions to FGH totaling $35,146.35 ($32,645.65 in-kind).[1]

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1. The Commission also made findings against numerous contributors. For a discussion of the Commission's findings in this matter and the disposition of the numerous contributors see the General Counsel's Report dated July 26, 1993 and the Commission's certifications in this matter dated October 18, 1990, November 13, 1991 and August 13, 1993. Also, on January 25, 1994, the Commission, consistent with its November 19, 1993 decisions concerning compliance with FEC V.

The activity at issue took place from approximately July 1986 through December 1987 and falls into five general categories: A) receipt of excessive contributions; B) receipt of corporate contributions; C) receipt of in-kind excessive and corporate contributions of rent, phone services, and liquor from the Colorado Democratic State Central Committee; D) receipt of in-kind corporate contributions of furniture from Office Liquidators, Inc.; and E) receipt of in-kind excessive and corporate contributions from Albert H. Gersten, Jr. and his company The Gersten Companies.

A portion of the category A and B contributions were in connection with a July 1986 event held by the Volunteer Committee, a federal political committee associated with the candidate Gary Hart.[2] A number of corporations, including The Gersten Companies, made in-kind contributions in connection with this event. Although billed as a democratic leadership/political conference, there is an indication that during the event some discussion of Mr. Hart's 1988 presidential bid took place. Respondents concede this, and allocate 25% of the contributions to the event for testing-the-waters activity

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(Footnote 1 continued from previous page)
NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed, No. 93-1151 (U.S. Jan. 18, 1994), revoted its previous findings regarding reason to believe as concerns the four remaining respondents.

2. The Volunteer Committee's Statement of Organization indicated its purpose as to promote volunteer involvement of individuals in the Democratic Party, and to contribute to candidate committees. Many of the individuals associated with the Volunteer Committee were also associated with Gary Hart's presidential campaign committees.

attributable to FGH.[3] Consequently, under respondents' allocation, the Volunteer Committee is in violation for accepting 75% of the corporate contributions to the event (totaling $2,625) and FGH is in violation for accepting 25% of the amount (totaling $875). FGH is also responsible for accepting contributions which are excessive in the aggregate as a result of the allocation (totaling $706.25).

This report addresses the liability of the four remaining respondents in this matter. In response to notification of the Commission's revote, FGH by letter dated March 7, 1994, requests that the Commission take no further action on this matter or, alternatively, that the Commission enter into pre-probable cause conciliation. See Attachment 1. Because, as is addressed in this report, FGH has committed substantial violations of the Act, including knowing and willful violations, this Office does not recommend that the Commission take no further against this respondent. However, consistent with the approach outlined in the General Counsel's Report dated July 26, 1993, this Office now recommends that the Commission enter into pre-probable cause

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3. Although respondents' allocation is questionable, the available evidence (including evidence uncovered as a result of the Commission's investigation in MUR 2583 (Americans With Hart) (companion case involving the subsidization of Gary Hart's 1984 presidential campaign -- closed due to staleness December 9, 1993)) is insufficient to establish a more precise allocation formula. Consequently, the Office of the General Counsel accepts respondents' allocation for purposes of this matter.

conciliation with FGH.[4] This Office also recommends that the Commission enter into pre-probable cause conciliation with The Gersten Companies and Mr. Gersten. This Office last recommends that the Commission take no further action as concerns the Volunteer Committee.

II. VIOLATIONS AT ISSUE

A. Receipt of Excessive Contributions

FGH received and accepted excessive contributions totaling $24,788.36. These excessive contributions involve: 1) twenty contributions not refunded in a timely manner, excessive portion totaling $11,308.36; 2) twenty contributions either improperly (lacking required documentation) or untimely reattributed, excessive portion totaling $12,730; and; 3) three contributions where no corrective action has been taken, excessive portion totaling $750.[5] The untimely refunded contributions were refunded between 63 and 802 days from the date of receipt, for

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4. FGH has previously on May 15 and December 31, 1991, requested to enter into pre-probable cause conciliation. Because the investigation had not then been completed, both prior requests were denied.

5. As a result of actions taken by FGH subsequent to the audit referral, a number of the contributions at issue are now listed under a different category than originally listed in the referral. For example, a number of the undocumented reattributions were ultimately refunded by FGH and are now categorized as untimely refunded contributions. The same holds true for a number of the contributions originally referred by audit under the no action taken category. For a listing of all the contributions at issue see the attached schedules of Untimely Refunds, Untimely or Undocumented Reattributions, and contributions where no corrective action was taken. Attachments 2 - 4.

an average refund period of 354 days. Similarly, the untimely reattributed contributions were reattributed between 72 and 323 days from the date of receipt, for an average reattribution period of 137 days. These refunds and reattributions were clearly untimely as they exceeded the Commission's 60-day standard at 11 C.F.R. § 103.3(b)(3) and 110.1(k)(3)(ii)(B), respectively, for determining timely refunds and reattributions. As noted, the Committee also failed to provide the required signed reattribution forms for a portion of the reattributed contributions. See 11 C.F.R. § 110.1(1)(5).

As concerns those contributions received prior to April 8, 1987, the effective date for the cited 60-day provisions, FGH in response initially argues that the 60-day standard should not apply to these earlier contributions. Instead, these earlier contributions should be governed under the old "reasonable time" standard.[6] In fact, however, of the 43 contributions at issue, only 16 (10 refunded and 6 reattributed) were made prior to the April 8, 1987 effective date,[7] and all of the refunds at issue were made after the effective date.

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6. Sections 103.3(b)(3) and 110.1(k)(3)(ii)(B) were amended effective April 8, 1987 to replace the reasonable time standard for taking corrective action with a more specific 60-day standard.

7. These earlier contributions are found at numbers 4, 5, 6, 10, 12, 13, 15, 17, 18, 20 on the schedule of Untimely Refunds, and 1, 3, 8, 12 and 16 on the schedule of Untimely or Undocumented Reattributions. See Attachments 2 and 3.

Moreover, the refunds and reattributions for these earlier contributions were untimely even under the "reasonable time" standard. These contributions were refunded or reattributed between 68 to 802 days from date of receipt, for an average refund or reattribution period of 269 days. Clearly, these refunds and reattributions would not qualify as timely under either current or prior regulations. In any event, the Commission at the reason to believe stage adopted the 60-day standard for all contributions at issue. Accordingly, the refunds and reattributions for these earlier excessive contributions were untimely.

Reiterating its response to the interim audit report, respondent also argues that a number of refunds were in fact timely because the receipt dates relied on by audit in calculating the refund periods for certain contributions were incorrect. Respondent advances two separate arguments in this respect. First, respondent argues that refunds for eight contributions were unavoidably delayed because a $100,000 certificate of deposit intended for refunds was garnished by creditors of the 1984 Gary Hart Committee.[8] The certificate of deposit was unavailable to the Committee from the May 8, 1987 garnishment until these funds were returned to the Committee on January 28, 1988. Under this argument, all eight refunds were timely as they were made within less than 60 days from the date

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8. These contributions are found at numbers 1, 2, 9, 13, 14, 16, 18 and 19 on the schedule of Untimely Refunds. See Attachment 2.

the funds became available. However, because the Committee had sufficient funds to make the refunds, there is no reason to exempt the garnishment period from calculation of the 60-day refund period.[9] In fact, the Commission rejected this argument at the reason to believe stage.

The Commission has similarly rejected respondent's second argument. Respondent argues that the excessive in-kind contributions[10] arising from the July 1986 meeting of the Volunteer Committee were received by FGH not at the time of the event, but on March 9, 1987 when the Committee claims it first determined that these contributions were in fact for testing-the-waters activity. The Commission, however, has already determined that because key persons associated with FGH, including the first treasurer as well as the candidate, participated in the event, FGH received the contributions when initially made on July 1, 1986. Consequently, these refunds were likewise untimely.

Concerning the improperly documented reattributions, FGH argues that although the committee has been unable to get documentation confirming the timely reattribution of these contributions, because it has been successful in confirming the timely reattribution of a number of other initially suspect contributions, the Commission should assume that these

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9. The excessive portions of the eight contributions total $4,750. On May 30, 1987 the Committee reported a cash balance, excluding the garnished $100,000, of $21,631.85.

10. These contributions are numbered 5, 10 and 12 on the schedule of Untimely Refunds. See Attachment 2.

contributions were likewise proper and timely. Section 110.1(l)(5), the governing provision on this issue, makes clear that "[i]f a political committee does not retain the written records concerning . . . reattribution[s] required under [Section] 110.1(3), . . . the reattribution shall not be effective, and the original attribution shall control."[11] FGH is afforded no presumption of propriety under the Commission's regulations, rendering these reattributions ineffective.

Accordingly, by failing to take timely or proper corrective action on the excessive portions of forty contributions, and by failing to take any correction action on the excessive portions of an additional three contributions,[12] FGH has accepted a total of $24,788.36 in excessive contributions.

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11. The record keeping requirement addressed in this provision became effective on April 8, 1987. Respondent has not challenged the application of the record keeping requirement to any of the earlier contributions at issue under this subsection of the report. Accordingly, consistent with the Commission's application of the 60-day rule for taking corrective action, this Office is apply Section 110.1(l)(5) to all contributions at issue.

12. The response does not directly address these three contributions.

B. Receipt of Corporate Contributions

A review of the audit materials and other information reveals that FGH directly accepted a total of $4,200 in corporate contributions. Of this amount, $875 was contributed in-kind in connection with the July 1986 Volunteer Committee event (25% of the total $3,500 contributed to the event[13]). These contributions were refunded subsequent to the interim audit report.

In response, FGH once again reiterates its response to the interim audit report. FGH describes in detail its procedure for identifying corporate contributions as well as non-corporate business contributions. Specifically, FGH notes that it would review contribution checks for any indicia of incorporation as outlined in the Commission's Guidelines for Presentations in Good Order (Dec. 1986) ("Guidelines"). Based on this review, the contributions would either be classified as corporate contributions and returned or refunded, or non-corporate business contributions and deposited. Although deposited, such "business" contributions would not be submitted for matching

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13. Of this total amount, $2,500 was contributed by Mr. Gersten through his company. This contribution is further discussed in Section E of this report.

funds. FGH notes that the contributions at issue were each treated as non-corporate business contributions.

Although FGH has acknowledged that the Commission's Guidelines do not set the standard for a committee's review of contributions in ascertaining their legality, FGH nonetheless argues that its adherence to the Guidelines (i.e., use of Guidelines' list of indicia of incorporation) establishes its good faith in believing that the contributions were from legitimate sources. FGH then argues that neither the Commission's Guidelines nor any other provision required further inquiry into whether these contributions were in fact from an incorporated entity. FGH suggests that these facts mitigate the violation.

Respondent's contention is inaccurate. Pursuant to the Commission's Regulations, committees are required to ascertain the source of all contributions presenting a genuine question as to whether they were made by corporations. See 11 C.F.R. § 103.3(b)(1).[14] In fact, the Commission's Guidelines suggest that any contribution checks indicating that the source is a business (not just those containing indicia of incorporation) should be rejected and not deposited. By its own admission,

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14. Like the refund and reattribution regulations, Section 103.3(b)(1) was amended effective April 8, 1987, subsequent to receipt of certain of the contributions. Under the old regulation a treasurer was required to make his or her "best efforts" to ascertain the legality of a suspect contribution. The amendment clarified that best efforts are taken when a treasurer makes at least one written or oral request for evidence of the legality of the contribution. Presently, FGH made no efforts to ascertain the legality of these contributions.

FGH knew these contributions were from businesses, presenting a genuine question as to whether they were from an incorporated entity. Yet, FGH deposited these checks, ignoring the Commission's guidance. More importantly, despite the clear obligation to determine the legality of these contributions, FGH made no attempt to ascertain whether these business contributions in fact came from an incorporated entity, and instead relied solely on a facial examination of the contribution checks in determining their legitimacy. This failure to act neither excuses nor mitigates the violations.

As concerns those corporate contributions resulting from the July 1986 Volunteer Committee event, FGH claims that it was but a passive victim of any taint in the contributions raised for the event. FGH argues that because it did not participate in the solicitation of funds for the event, or have any control over such funds, it should not be held responsible for any illegalities resulting from the allocation. Consequently, respondent suggests, the Commission should take no further action concerning these contributions. As already discussed, a number of FGH officers were involved in both the event and the event's host, the Volunteer Committee. Consequently, the listed portion of the corporate contributions for the event are properly attributable to FGH.

Accordingly, FGH has accepted $4,200 in direct corporate contributions.

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C. Contributions from the Colorado Democratic State Central Committee

Based on the Audit referral the Commission found that FGH accepted numerous in-kind contributions from the Colorado Democratic State Central Committee's ("State Party's") non-federal account. These contributions stem from the provision of office space, phone services, and liquor.[15]

In response FGH basically argues that the State Party's provision of Office space and phone lines was not a contribution because its agreement with the State Party was an arms-length commercial transaction.[16] However, because the State Party is not in the business of renting out office space, FGH's argument is meritless. See 11 C.F.R. § 100.7(a)(4) (extensions of credit deemed contributions if not extended in ordinary course of business). Indeed, even assuming that the State Party was legitimately engaging in business activity, the parties' conduct -- including the absence of a written rental agreement, FGH's consistent failure to make timely rental payments, and the State Party's allocation of a portion of the rent as an in-kind contribution to FGH -- demonstrates that the transaction was not arms-length and that credit was not extended in the ordinary

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15. For a complete description of these transactions see the General Counsel Report in this matter dated October 24, 1991, at 3-9.

16. Respondent does not address the State Party's provision of liquor.

course of business, resulting in a contribution. See 11 C.F.R. § 114.10(a) (now 11 C.F.R. § 116.3) (non-commercially reasonable extensions of credit deemed contributions). In fact, the Commission has already rejected this argument when initially advanced by both FGH and the State Party. Moreover, the State Party has abandoned this argument and has conceded in a conciliation agreement

Of the total amount, $20,036.93 was excessive, and $2,143.07 came from impermissible corporate sources. Accordingly, FGH has accepted like amounts in excessive and corporate contributions.

Because at the initial reason to believe stage it was not known that many of the contributions from the State Party's state account would, although excessive, prove to be from legitimate sources, the Commission made only 2 U.S.C. § 441b(a), and not 2 U.S.C. § 441a(f), findings against FGH. Because it is now clear that in addition to accepting $2,143.07 in corporate contributions, FGH also accepted $20,036.93 in excessive contributions from the State Party, this Office now recommends that the Commission find reason to believe FGH and its treasurer violated 2 U.S.C. § 441a(f).

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D. In-Kind Corporate Contributions of Furniture

FGH received assorted furniture with a retail value of $4,923 from Office Liquidators, Inc., and its owners -- Dennis Meyer, Jeffrey Meskan, and Scott Trauth. FGH originally reported this contribution as six individual contributions from the corporation's owners and their spouses ($1,641 per couple). Subsequent to the Audit Division's inquiry, FGH acknowledged the corporate source of the furniture, reassessed its value at $1,174.80, and paid this amount to Office Liquidators, Inc.

Based on information provided in response to the Commission's findings by the corporation's president Dennis D. Meyer, the Commission has determined that FGH instructed respondents to conceal the corporate source of the contribution by attributing the contribution to the corporation's three owners and their spouses. See General Counsel's Report in this matter dated October 24, 1991, at 10-13. Based on this additional evidence, on November 13, 1991, the Commission made, inter alia, knowing and willful Section 441b(a), 441f, and 434(b)(3)(A) findings against FGH.

In response to the Commission's November 13, 1991, findings, FGH, reiterating its response to the initial reason to believe findings, argues that it made full payment for the furniture upon becoming aware of the corporate source of the contribution, thereby correcting the violation. See Attachment 6, at 1. As concerns the furniture's value, respondent argues that its "compliance officials obtained a fair market valuation of the furniture prior to the Committee's payment . . . and that

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valuation established the fair market cost of the furniture as $1,174.80." Id. at 1-2.

Responses from the corporation's president Dennis D. Meyer, however, negate FGH's claims. As previously noted, the available evidence suggests that the misattribution was made at the committee's behest. Consequently, there is no validity to FGH's argument that they were not initially aware of the corporate source of the contributions. Similarly, Mr. Meyer in response explains that the payment figure ($1,174.80) was not the fair market value for the furniture. Attachment 7, at 2. Mr. Meyer explains that the total $4,923 contribution amount reported represents "the actual prices marked on each [furniture] item as displayed on our showroom floor," (i.e., the retail cost). Id. at 1. Mr. Meyer further explains that Office Liquidators "later agreed" to sell the furniture for the discounted amount, because he was assured by FGH that payment would settle the matter and that FGH could not afford to pay a higher price. The $1,174.80 figure was arrived at by adding 10% to the cost of the furniture and then adding $100 for delivery. Mr. Meyer makes it clear that selling furniture at only 10% above cost is not the usual and normal charge for the sale of furniture.

The Commission's regulations at 11 C.F.R. § 100.7(a)(1)(iii)(B) establish the usual and normal charge for goods as the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution. Accordingly, the contribution total is $4,923, the retail price of the

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furniture at the time of the contribution.[17]

E. Contributions from Albert H. Gersten, Jr. and The Gersten Companies

The Audit materials and additional evidence also establish that Albert H. Gersten, Jr. individually provided the campaign with office equipment, campaign materials, phone services and an airline ticket, totaling $9,534.91.[18] Mr. Gersten, through his

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17. Although a portion of this amount has been paid by FGH, because payment did not occur until over a year after the furniture was provided to the committee and, therefore, the committee obtained free use of the furniture for the intervening period, the full $4,923 amount remains at issue. See 11 C.F.R. § 114.10(a) (now 11 C.F.R. § 116.3) (non-commercially reasonable extensions of credit deemed contributions).

18. The items provided by Mr. Gersten personally include the following:

Item	Invoice	Amount
Equipment		
2 Fax Machines	4P 615072	$2,770.70
1 PA System	10-118759	1,496.00
1 Handheld Telephone	10102	1,704.00
2 Cellular Telephones	001260	1,917.00
Cellular Service		92.03
Other		
5,000 FGH Buttons	3186	1,140.18
Airline Ticket		415.00
		$9,534.91

Although the majority of the above contributions were made by Mr. Gersten either via personal checks or charges on his personal credit card, there is no clear indication of whether Mr. Gersten paid for the campaign buttons or the two facsimile machines from personal funds or from corporate funds. However, because there is no clear indication that these items were

corporation The Gersten Companies, Inc. also provided the campaign with numerous goods and services in connection with a dinner honoring the candidate Gary Hart, totaling $23,111.44.

The office equipment was purchased in January and February 1988. Subsequently, in response to Mr. Gersten's requests for repayments, FGH acknowledged receipt of the items, returned some of the equipment and paid Mr. Gersten $3,000 by check dated April 26, and $3,710.86 by check dated June 17, 1988 for the equipment and campaign materials.[19] FGH did not refund the $415 for the airline ticket.

In sworn testimony, Mr. Gersten maintains that he did not intend to either purchase the office equipment for the campaign or to advance the equipment to the campaign. Instead, Mr. Gersten asserts that he entered in an informal oral rent/purchase agreement with the campaign for the items.[20] In

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(Footnote 18 continued from previous page)
purchased with corporate funds, and because these items were purchased during the same period of time that other similar items were purchased with personal funds, this Office will assume that these items were purchased by Mr. Gersten personally.

19. This settlement was based on an oral agreement between the parties where FGH would return the equipment remaining in its possession and pay 25% of the purchase price as a rental fee. See Attachment 8.

20. The rental payments were to be determined by amortizing the purchase cost of the equipment. At the end of the rental period, FGH would purchase the items for a nominal consideration. Mr. Gersten notes that the FGH failed to formalize the agreement or make any payments, leading him to ultimately request repayment of the items and resulting in the above mentioned settlement. See Attachment 9, at 13-16 (Relevant pages of Mr. Gersten's deposition, including respondent's transcript corrections).

its separate response, FGH notes only that when receipt of these contributions were brought to the campaign's attention, refunds were promptly made, thereby curing the illegality. FGH makes no mention of any rental agreement with Mr. Gersten or his company.

In fact, all available evidence negates Mr. Gersten's assertion that these items were provided to the campaign pursuant to a commercial rental agreement. In his two direct requests for payment, Mr. Gersten does not request rental payments or some other form of amortized consideration; rather, the requests are for "reimbursement" of the costs of the equipment. See Attachment 10. Similarly, FGH's memorialization of the settlement terms makes no reference to a pre-existing rental agreement. This internal campaign memorandum instead characterizes the transaction as "purchases" of equipment by Mr. Gersten for the campaign.[21] See Attachment 8. Moreover, the equipment advances would have been consistent with the campaign's enunciated policy in the proposed 1988 Gary Hart Business Plan of seeking advanced funding from outside sources for campaign events. See Attachment 11 (A prerequisite for early fundraisers "should be that key sponsors absorb all related costs until the money for the event is in."). The available evidence suggests that even if Mr. Gersten believed

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21. Addressing the language in his payment requests, Mr. Gersten testifies that the term "reimbursement" was used because, having become apparent that the campaign was not going honor the rental agreement, he was at that time simply trying to recoup his costs. Attachment 9, at 15. This explanation fails to address either the campaign's or the settlement agreement's silence on the allegedly pre-existing rental agreement.

that he was entering into a commercial rental agreement for the equipment, the campaign was not of the same understanding and no meeting of minds occurred.

In any event, even had there been a formal agreement, the provision of the equipment under the described terms would have constituted a contribution. Mr. Gersten described his business as construction, property management, and ownership interests in fast food restaurants. See Attachment 9, at 2-4. Mr. Gersten makes clear that the renting of office equipment is not within the normal course of either his or his corporation's business activities. See Id. at 12. Thus, the provision of such goods to a federal political committee under a rent-to-own agreement (i.e., under a credit agreement) would result in a contribution. See 11 C.F.R. § 100.7(a)(4).

Moreover, FGH cannot successfully claim that it promptly refunded the above costs upon becoming aware of them. The above items were requested by either Bill Dixon (Campaign Manager), Bill Shore (Gary Hart's personal assistant) or John Emerson (California campaign coordinator). See Id. at 11. Clearly, FGH had full knowledge concerning the source of the items received and did not issue refunds until requested to do so by Mr. Gersten. Accordingly, Mr. Gersten personally advanced, and FGH accepted, items worth a total of $9,534.91.[22] The total

22. Neither response, nor Mr. Gersten's testimony, addresses the airline ticket purchase. As noted in previous reports, this item was clearly advanced to the campaign.

2404360521 5

amount of these in-kind contributions was excessive as Mr. Gersten had already contributed the legal limit to FGH.

Mr. Gersten, through his corporation, also provided the campaign with $23,111.44 in in-kind contributions. These contributions consisted of numerous items and services in connection with a FGH fundraiser held at the Beverly Wilshire Hotel on January 29, 1987. See Attachment 12 (Schedule of Associated Expenses). Mr. Gersten does not deny making numerous payments for the event from a "Special Projects" account held by the corporation. Mr. Gersten, however, initially explains that because California law allows advances so long as they are refunded timely, he was not aware that by paying certain expenses for the event he would violate federal law. See Attachment 9, at 7-10. It is clear, however, that this alone would not excuse the violations, especially where, as here, the contributor had the means to comply.

Concerning the corporate source of the funds, Mr. Gersten further explains that the "Special Projects" account, although held by the corporation, has traditionally been used by him for personal expenses. Thus, he often considered funds placed into this account as his personal funds.[23] Id. at 5-6. However,

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23. As evidence that the funds were personal, Mr. Gersten has submitted examples of other expenses from the account. Mr. Gersten argues that the personal nature of these expenses illustrates that he did consider such funds his. In fact, these expenses illustrate that the account was used for both personal expenses and certain business related expenses. For example, Mr. Gersten made a number of charitable contributions from this account; however, Mr. Gersten also paid office decorating expenses and expenses associated with the office holiday party from the account.

2 4 0 4 3 6 0 5 2 1 6

FGH's two refund checks (in equal amounts of $11,555.72) are made out one each to Mr. Gersten and his corporation.[24] In its response, FGH does not explain why these checks were made out to different payees or otherwise address these contributions. Nonetheless, it is clear that this account was held by the corporation, fully funded by the corporation and used for both personal and business expenses, suggesting that the funds are corporate and not personal.

Last, as previously noted, Mr. Gersten made a $2,500 contribution from corporate funds in connection with the July 1986 Volunteer Committee event. This contribution was refunded in March 1987. Consequently, Mr. Gersten made excessive contributions and consented to the making of corporate contributions, totaling $35,146.35.

As the foregoing demonstrates, there is an indication that Mr. Gersten and FGH acted deliberately in conducting the violative activities. However, unlike the furniture transaction, it is this Office's view that additional investigation is necessary to demonstrate that the violations were knowing and willful. However, because the activity at issue took place over seven years ago, it is unlikely that further investigation will uncover any additional probative

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24. Although one of the refunds was made directly to the corporation, FGH reported both disbursements as having been made to Mr. Gersten personally. The Commission has made a Section 434(b)(5)(A) finding against the committee concerning this reporting error.

evidence.[25] Accordingly, to expeditiously bring this matter to settlement negotiations, this Office does not recommend further investigation.

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III. Discussion of Conciliation

As noted, this Office is now prepared to recommend that the Commission enter into pre-probable cause conciliation with FGH and Mr. Gersten and his company The Gersten Companies. While not all outstanding questions have been fully resolved, as explained at length in our previous report, because of the maturity of the matter it is unlikely that further investigation would clarify the outstanding questions. Accordingly, to resolve this matter this Office recommends that Commission enter

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25. This is especially true in light of the Commission's decision in MUR 2583 not to further pursue due to staleness an ongoing pattern by Americans With Hart (Gary Hart's 1984 presidential campaign committee) of orchestrating advances of equipment and event services to the 84 campaign. See supra, p. 3 n.3.

into pre-probable cause conciliation with FGH and its treasurer, and Mr. Gersten and his corporation.

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IV. RECOMMENDATIONS

1. Deny the request by Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, that the Commission take no further action.

2. Find reason to believe Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, violated 2 U.S.C. § 441a(f) in connection with the receipt of in-kind contributions from the Colorado Democratic State Central Committee.

3. Take no further action against The Volunteer Committee and Michael R. Moore, as treasurer, and close the file as to these respondents.

4. Enter into pre-probable cause conciliation with Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer.

5. Enter into pre-probable cause conciliation with Albert H. Gersten, Jr., and The Gersten Companies, Inc.

6. Approve the attached proposed conciliation agreements, factual and legal analysis, and appropriate letters.

7/13/94
Date

Lawrence M. Noble
General Counsel

Attachments:

1 - FGH response dated March 7, 1994.
2 - Schedule of Untimely Refunds.
3 - Schedule of Untimely or Undocumented Reattributions.
4 - Schedule of contributions where no action taken.
5 - Colorado Democratic State Central Committee Conciliation Agreement.
6 - FGH response to Knowing and Willful findings, dated December 31, 1991.
7 - Office Liquidators, Inc. response, dated December 19, 1991
8 - FGH's memorialization of oral settlement agreement with Albert Gersten.
9 - Transcript of Albert Gersten deposition (selected pages).
10 - Albert Gersten's requests for payment to FGH.

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11 - 1988 Gary Hart Business Plan (selected pages).
12 - Schedule of Beverly Wilshire Dinner expenses.
13 - Proposed Conciliation Agreement for FGH.
14 - Proposed Conciliation Agreement for Albert Gersten and The Gersten Companies.
15 - FGH Factual and Legal Analysis.

Staff Assigned: Jose M. Rodriguez

2420436052211

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS
COMMISSION SECRETARY

DATE: JULY 14, 1994

SUBJECT: MUR 3020 - GENERAL COUNSEL'S REPORT
DATED JULY 13, 1994.

The above-captioned document was circulated to the Commission on Wednesday, July 13, 1994 at 4:00 p.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Potter	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for Tuesday, July 19, 1994.

Please notify us who will represent your Division before the Commission on this matter.

2043605222

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 3020
Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer;	)	
The Volunteer Committee and Michael R. Moore, as treasurer;	)	
The Gersten Companies, Inc.;	)	
Albert H. Gersten, Jr.	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on July 19, 1994, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 3020:

1. Deny the request by Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, that the Commission take no further action.

2. Find reason to believe Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, violated 2 U.S.C. § 441a(f) in connection with the receipt of in-kind contributions from the Colorado Democratic State Central Committee.

3. Take no further action against The Volunteer Committee and Michael R. Moore, as treasurer, and close the file as to these respondents.

(continued)

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4. Enter into pre-probable cause conciliation with Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer.

5. Enter into pre-probable cause conciliation with Albert H. Gersten, Jr., and The Gersten Companies, Inc.

6. Approve the proposed conciliation agreements, factual and legal analysis, and appropriate letters, as recommended in the General Counsel's July 13, 1994

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

Attest:

7-21-94
Date

Marjorie W. Emmons
Secretary of the Commission

2404360522 4

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

JULY 26, 1994

Donald J. Simon, Esq.
Sonosky, Chambers & Sachse
Suite 1000
1250 Eye Street, N.W.
Washington, DC 20005

RE: MUR 3020
Friends of Gart Hart-88, Inc.
and Stephen D. Alfers,
as treasurer

2043605225

Dear Mr. Simon:

As previously notified, on January 25, 1994, the Federal Election Commission revoted to find reason to believe that your clients Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, violated 2 U.S.C. §§ 441a(f), 441b(a), 434(b)(3)(A) and 434(b)(5)(A). On July 19, 1994, the Commission additionally found reason to believe your clients violated 2 U.S.C. § 441a(f) by accepting excessive contributions from the Colorado Democratic State Party Committee. On the same date the Commission also denied your request to take no further action in this matter, but did grant your request to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Jose M. Rodriguez, the attorney assigned to this matter, at (202) 219-3690.

For the Commission,

Trevor Potter
Chairman

Enclosures
Factual and Legal Analysis
Conciliation Agreement

2404360522 6

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer

MUR: 3020

The Federal Election Commission previously found, inter alia, reason to believe Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, ("FGH") violated 2 U.S.C. § 441b(a) in connection with the receipt of contributions from the Colorado Democratic State Central Committee ("State Party"). It now appears that FGH also violated 2 U.S.C. § 441a(f) in connection with the receipt of a portion of these contributions.

Specifically, the Commission initially found that FGH accepted numerous in-kind contributions from the State Party's non-federal account, stemming from the provision of office space, phone services and liquor. These contributions were originally believed to have been largely funded with corporate funds. Additional evidence uncovered during the course of this investigation establishes that the State Party's provision of goods and services resulted in contributions totaling $27,180. This evidence also established that of the total amount, $20,036.93 was excessive, and $2,143.07 came from impermissible corporate sources. Accordingly, FGH has accepted like amounts in excessive and corporate contributions.

In response to the Commission's previous findings, FGH basically argues that the State Party's provision of Office

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space and phone lines was not a contribution because its agreement with the State Party was an arms-length commercial transaction. However, it is not clear that the State Party is in the business of renting out office space. See 11 C.F.R. § 100.7(a)(4) (extensions of credit deemed contributions if not extended in ordinary course of business). Indeed, even assuming that the State Party was legitimately engaged in business activity, the parties' conduct -- including the absence of a written rental agreement, FGH's consistent failure to make timely rental payments, and the State Party's allocation of a portion of the rent as an in-kind contribution to FGH -- demonstrates that the transaction was not arms-length and that credit was not extended in the ordinary course of business, resulting in a contribution. See 11 C.F.R. § 114.10(a) (now 11 C.F.R. § 116.3) (commercially unreasonable extensions of credit deemed contributions). Therefore, there is reason to believe FGH has violated 2 U.S.C. § 441a(f) by accepting $20,036.93 in excessive contributions from the State Party.

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Aug 5 3 26 PM '94

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OF COUNSEL
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MYRA M. MUNSON

August 5, 1994

HAND DELIVERED

Jose M. Rodriguez, Esquire
Office of the General Counsel
Federal Election Commission
999 E Street, N.W. - Room 657
Washington, D.C. 20463

Re: MUR 3020

Dear Mr. Rodriguez:

Pursuant to our telephone conversation of August 3, I am writing to request an extension of time in which the Friends of Gary Hart - 1988 Committee can meet with the Commission and discuss the proposed agreement for pre-probable cause conciliation in order to resolve the above-captioned MUR.

The reason for this request is the difficulty of scheduling the necessary meeting during the month of August. Because of prior commitments, Stephen Alfers, the Committee Treasurer, is unable to come to Washington for a meeting on August 10, the date you suggested. You stated that you would thereafter be unavailable for a meeting the week of August 15. Conversely, I will be unavailable for a meeting the weeks of August 22 and 29.

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As you know, the Committee has repeatedly requested the Commission to entertain pre-probable cause conciliation in this matter. Despite the mutual difficulty in scheduling a meeting during the next few weeks, we remain committed to pursuing this as soon as possible.

Sincerely,

Donald J. Simon

DJS/cmt
Copy to:
Stephen D. Alfers, Esq. (By telecopier)

2436052

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

AUGUST 10, 1994

Donald J. Simon, Esq.
Sonosky, Chambers, Sachse & Enderson
Suite 1000
1250 Eye Street, N.W.
Washington, DC 20005

RE: MUR 3020
Friends of Gary Hart-88, Inc.
and Stephen D. Alfers,
as treasurer

Dear Mr. Simon:

This is to acknowledge receipt of your letter of August 5, 1994. This office agrees to extending the conciliation period in this matter to allow for a meeting in early September. I look forward to hearing from you concerning the arrangement of such a meeting.

Sincerely,

Jose M. Rodriguez
Attorney

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

OCT 7 11 05 AM '94

In the Matter of)
)
Albert H. Gersten, Jr.) MUR 3020
The Gersten Companies , Inc.)
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

The attached conciliation agreement -- signed by respondent Albert H. Gersten, Jr.

this Office recommends that the Commission accept this agreement in settlement of this matter.

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II. **RECOMMENDATIONS**

1. Accept the attached conciliation agreement with Albert H. Gersten, Jr., and The Gersten Companies, Inc., and close the file as to these respondents.

2. Approve the appropriate letter.

October 6, 1994
Date

Lawrence M. Noble
Lawrence M. Noble
General Counsel

Attachment
1. Conciliation Agreement

Staff Assigned: Jose M. Rodriguez

24043605234

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Albert H. Gersten, Jr.;) MUR 3020
The Gersten Companies, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 19, 1994, the Commission decided by a vote of 5-0 to take the following actions in MUR 3020:

1. Accept the conciliation agreement with Albert H. Gersten, Jr., and The Gersten Companies, Inc., and close the file as to these respondents, as recommended in the General Counsel's Report dated October 6, 1994.

2. Approve the appropriate letter, as recommended in the General Counsel's Report dated October 6, 1994.

Commissioners Aikens, Elliott, McDonald, Potter, and Thomas voted affirmatively for the decision; Commissioner McGarry did not cast a vote.

Attest:

10-20-94
Date

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

Received in the Secretariat: Fri., Oct. 07, 1994 11:05 a.m.
Circulated to the Commission: Fri., Oct. 07, 1994 2:00 p.m.
Deadline for vote: Wed., Oct. 19, 1994 4:00 p.m.

bjr

2043605235

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 24, 1994

Kenneth A. Gross, Esq.
Skadden, Arps, Slate
Meagher & Flom
1440 New York Avenue, N.W.
Washington, D.C. 20005-2111

RE: MUR 3020
Albert Gersten
The Gersten Companies, Inc.

Dear Mr. Gross:

On October 19, 1994, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of violations of 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter as it pertains to your clients.

This matter will become public within 30 days after it has been closed with respect to all other respondents involved. Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

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Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

Enclosure
Conciliation Agreement

2043605237

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
SEP 22 2 30 PM '94

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Albert H. Gersten Jr.	)	MUR 3020
The Gersten Companies, Inc.	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Albert H. Gersten, Jr. ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A). The Commission also found reason to believe The Gersten Companies, Inc. ("Respondent") and Albert H. Gersten, Jr., as president, violated 2 U.S.C. § 441b(a).

NOW THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

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I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The Gersten Companies, Inc. is a corporation within the meaning of 2 U.S.C. § 441b.

2. Albert H. Gersten, Jr. is the president of The Gersten Companies, Inc.

3. Friends of Gary Hart-88, Inc. ("FGH") is the Presidential Primary Campaign Committee for Gary Hart, within the meaning of 2 U.S.C. § 431(5).

4. Section 441a(a)(1)(A) of The Federal Election Campaign Act of 1971, as amended ("Act") limits contributions from any one individual to a candidate or the

2436052

candidate's committee to $1,000 per election. The term "contribution" includes 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)(i).

5. Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with any federal election, or for any officer or director of such corporation to consent to any such contribution by the corporation. A contribution includes any advance or gift of anything of value made in connection with an election. 2 U.S.C. § 441b(b)(2).

6. Respondent Gersten personally made $9,534.91 in excessive in-kind contributions to FGH. These contributions stem from the provision of office equipment, campaign materials, phone services and an airline ticket to FGH. These items were provided to the campaign at the request of either Bill Dixon (Campaign Manager) or Bill Shore (Gary Hart's personal assistant).

7. Respondent corporation made $23,111.44 in in-kind corporate contributions. Respondent Gersten, as

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president of Respondent corporation, consented to the making of these contributions. These contributions consisted of numerous items and services in connection with a Gary Hart fundraiser held at the Beverly Wilshire Hotel on January 29, 1987. The receipts for a substantial portion of these items were copied to FGH; consequently, FGH had full knowledge that the corporation was providing these items.

V. Respondent Gersten personally made excessive contributions to FGH in violation of 2 U.S.C. § 441a(a)(1)(A). Respondent corporation made in-kind corporate contributions in violation of 2 U.S.C. § 441b(a). Respondent Gersten as an officer consented to the making of these corporate contributions also in violation of 2 U.S.C. § 441b(a).

VI. 1. Respondents' actions were taken at the behest of FGH.

2. Respondents contend that they did not knowingly and willfully violate 2 U.S.C. § 441b, or any other section of the Act.

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VII. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Eight Thousand Dollars ($8,000), pursuant to 2 U.S.C. §437g(a)(5)(A).

VIII. The Commission on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This Agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

2436052

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

10/24/94
Date

FOR THE RESPONDENTS:

Albert H. Gersten, Jr.

9/13/94
Date

24043605243

⑈ 4 0 4 3 6 0 5 2 4 4

ALBERT H. GERSTEN, JR.
15760 VENTURA BLVD., NO. 828
ENCINO, CA 91436

UNION BANK
BEVERLY HILLS REGIONAL OFFICE
9460 WILSHIRE BOULEVARD
BEVERLY HILLS, CA 90212-2705
16-49/1220

0421

9/9/94

PAY TO THE ORDER OF FEDERAL ELECTION COMMISSION $ ***8,000.00

Eight Thousand and 00/100********** DOLLARS

MEMO

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

NOV 20 7 11 '84

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Friends of Gary Hart-88, Inc. and) MUR 3020
Stephen D. Alfers, as treasurer)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

The attached conciliation agreement -- signed by respondent Stephen D. Alfers, as treasurer of Friends of Gary Hart-88, Inc. For the reasons that follow, this Office recommends that the Commission accept this agreement in settlement of this matter.

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Based on the foregoing, this Office recommends that the Commission accept the attached conciliation agreement with Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer. A check for the full amount of the civil penalty ($30,000) has been received. Because these are the sole Respondents remaining in this matter, this Office also recommends that the Commission close the file.

II. **RECOMMENDATIONS**

1. Accept the attached conciliation agreement with Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer.

2. Close the file.

3. Approve the appropriate letters.

11/9/94
Date

Lawrence M. Noble
General Counsel

Attachment
1. Conciliation Agreement
2. Copy of civil penalty check

Staff Assigned: Jose M. Rodriguez

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
) MUR 3020
Friends of Gary Hart-88, Inc. and)
Stephen D. Alfers, as treasurer.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 17, 1994, the Commission decided by a vote of 5-0 to take the following actions in MUR 3020:

1. Accept the conciliation agreement with Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, as recommended in the General Counsel's Report dated November 9, 1994.

2. Close the file.

3. Approve the appropriate letters, as recommended in the General Counsel's Report dated November 9, 1994.

Commissioners Aikens, Elliott, McDonald, Potter, and Thomas voted affirmatively for the decision; Commissioner McGarry did not cast a vote.

Attest:

11-18-94
Date

Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Thurs., Nov. 10, 1994 5:22 p.m.
Circulated to the Commission: Mon., Nov. 14, 1994 11:00 a.m.
Deadline for vote: Thurs., Nov. 17, 1994 4:00 p.m.

esh

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

Donald J. Simon, Esq.
Sonosky, Chambers,
Sachse & Enderson
Suite 1000
1250 Eye Street, N.W.
Washington, D.C. 20005

RE: MUR 3020
Friends of Gary Hart-88, Inc. and
Stephen D. Alfers, as treasurer

Dear Mr. Simon:

On November 17, 1994, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your clients' behalf in settlement of a violation of 2 U.S.C. §§ 441a(f), 441b(a) and 434(b)(5)(A), and a knowing and willful violation of 441b(a), 441f and 434(b)(3)(A), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

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

Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

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Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

Enclosure
Conciliation Agreement

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
OCT 28 3 53 PM '94

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer	)	MUR 3020

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Friends of Gary Hart-88, Inc. and Stephen D. Alfers, as treasurer, ("Respondents") violated 2 U.S.C. §§ 441b(a), 441a(f), and 434(b)(5)(A). The Commission also found reason to believe Respondents knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f and 434(b)(3)(A).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

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III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

Participants

1. Friends of Gary Hart-88, Inc. is the Presidential Primary Campaign Committee for Gary Hart, within the meaning of 2 U.S.C. § 431(5).

2. Stephen D. Alfers is the treasurer of Friends of Gary Hart-88, Inc. Mr. Alfers became treasurer of the committee as of February 9, 1988, which is after the date of occurrence of the events at issue in this Agreement.

3. The Colorado Democratic State Central Committee (Federal Account/Non-Federal Account) is a political committee within the meaning of 2 U.S.C. § 431(4).

4. Office Liquidators, Inc. is a corporation within the meaning of 2 U.S.C. § 441b and is engaged in the sale of furniture. Dennis Meyer, Jeffrey Meskan, and Scott Trauth were the shareholders and owners of Office Liquidators, Inc. during the period at issue.

5. The Gersten Companies, Inc. is a corporation within the meaning of 2 U.S.C. § 441b. Albert H. Gersten, Jr. is the president of The Gersten Companies, Inc.

Applicable Law

6. Section 441a(a)(1)(A) of The Federal Election Campaign Act of 1971, as amended, ("Act") limits contributions from any one individual to a candidate or the candidate's committee to $1,000 per election. Section 441a(a)(2)(A) limits contributions by

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multicandidate political committees to a candidate or the candidate's committee to $5,000 per election. Section 441a(f) prohibits a candidate or the candidate's committee from knowingly accepting contributions in excess of the prescribed limits. The term "contribution" includes 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)(i). In fact, pursuant to 11 C.F.R. § 100.7(a)(4), any extension of credit by a person is a contribution if not made in the ordinary course of business and under terms substantially similar to extensions of credit to nonpolitical debtors of similar risk and size of obligation.

7. Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with any federal election, or for any candidate, political committee, or other person to knowingly accept or receive any such contribution. A contribution includes any advance or gift of anything of value made in connection with an election. 2 U.S.C. § 441b(b)(2). Moreover, pursuant to Section 441f, it is unlawful for a candidate, political committee, or other person to knowingly accept a contribution made by one person in the name of another person.

8. Under the Act's reporting requirements, committees are required to disclose in its disclosure reports the identification of each person making a contribution, or contributions, in excess of $200 within a calendar year, together with the date and amount of the contribution. 2 U.S.C. § 434(b)(3)(A). Similarly,

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committees are required to report the name and address of each person to whom an expenditure, or expenditures, in excess of $200 is made within a calendar year, together with the date, amount and purpose of such expenditure. 2 U.S.C. § 434(b)(5)(A).

Direct Excessive and Corporate Contributions

9. Respondents accepted forty-three (43) contributions from individuals in excess of the prescribed limit at Section 441a(a)(1)(A), in violation of 2 U.S.C. § 441a(f). The aggregate excessive portion of these contributions totals $24,788.36.

10. Respondents contend that all excessive contributions were refunded or reattributed upon discovery, although some refunds or reattributions may have been untimely.

11. Respondents accepted direct contributions from corporations totaling $4,200, in violation of 2 U.S.C. § 441b(a).

12. Respondents contend that they operated in good faith to identify and exclude corporate contributions. Respondents further contend that none of the corporate contributions which the committee accepted indicated a corporate source on the face of the check and that as soon as it was determined that the contribution was from a corporate source, the committee refunded the contribution. Respondents, however, failed to ascertain the legality of these business contributions upon receipt, instead relying solely on a facial examination of the contribution checks in determining their legitimacy. See 11 C.F.R. § 103.3(b)(1) and Guidelines for Presentation in Good Order (Dec. 1986) (requiring recipient committees to ascertain the legality of contributions from a business source).

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Excessive and Corporate Contributions from the Colorado Democratic State Central Committee

13. Respondents received excessive and corporate contributions from the Colorado Democratic State Central Committee. These contributions resulted from the provision of office space, phone services and liquor, totaling $27,180. Of this amount $2,143.07 came from impermissible corporate sources and $20,036.93 was in excess of the prescribed limit at Section 441a(a)(2)(A). Accordingly, Respondents accepted impermissible corporate contributions and excessive contributions totaling $22,180, in violation of 2 U.S.C. §§ 441a(f) and 441b(a).

14. Although no written lease existed, Respondents contend that the committee subleased office space from the Colorado Democratic State Central Committee and was charged a full market rate as rent for the space. No rental payments were made timely. The balance of the rent due to the state party, as well as the cost of all goods and services furnished by the state party, was ultimately paid in full by the committee to the state party.

In-kind Corporate Contributions of Furniture

15. Respondents received in-kind corporate contributions of furniture from Office Liquidators, Inc., totaling $4,923. Respondent accepted these contributions knowing they were made in the name of another and misreported the source of the contributions in the committee's disclosure report. Specifically, Respondents through a committee staff member requested and received assorted furniture from Office Liquidators, Inc. and its owners -- Dennis Meyer, Jeffrey Meskan, and Scott Trauth.

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Respondents instructed the corporation's owners to conceal the corporate source of the in-kind contributions by attributing the contributions in equal amounts to the corporation's owners and their spouses. Respondents concealed the true source of the contributions by reporting the contributions as having come from the three owners and their spouses in the committee's disclosure report. Upon discovery by the Commission, the committee made a partial refund to the corporation for the furniture which it received. Accordingly, Respondents knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f and 434(b)(3)(A) by accepting corporate contributions knowing they were made in the name of another and concealing the corporate source of the contributions by reporting the contributions as having been made by individuals.

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Contributions from Albert H. Gersten, Jr. and The Gersten Companies

16. Respondents received $9,534.91 in excessive in-kind contributions from Albert H. Gersten, Jr. These contributions stem from the provision of office equipment, campaign materials, phone services and an airline ticket to the committee. Accordingly, Respondents accepted excessive contributions in violation of 2 U.S.C. § 441a(f).

17. Respondents received $23,111.44 in in-kind corporate contributions from The Gersten Companies, Inc. These contributions consisted of numerous items and services in connection with a Gary Hart fundraiser held at the Beverly Wilshire Hotel on January 29, 1987. Respondents ultimately reimbursed the costs for these items and services in two checks

(in equal amounts of $11,555.72) made out one each to Mr. Gersten personally and the Gersten Companies, Inc. Also, despite the fact that one of the checks was made out to the corporation, Respondents reported this disbursement in the committee's disclosure report as having been made to Mr. Gersten personally. Accordingly, Respondents accepted corporate contributions totaling $23,111.44, and although ultimately reimbursing this amount, Respondents hid the corporate source of the contribution by misreporting a portion of the reimbursements as having been made to Mr. Gersten personally, in violation of 2 U.S.C. §§ 441b(a) and 434(b)(5)(A).

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Conclusion

V. Respondents accepted numerous excessive and prohibited corporate contributions totaling $83,814.71, and failed to correctly report the recipient of an $11,555.72 disbursement in violation of 2 U.S.C. §§ 441a(f), 441b(a) and 434(b)(5)(A). Respondents also knowingly and willfully violated 2 U.S.C. §§ 441b(a), 441f and 434(b)(3)(A) by accepting corporate contributions contributed in the name of another totaling $4,923, and failing to correctly report the source of these contributions.

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Thirty Thousand Dollars ($30,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement

thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

24436052659

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

11/25/94
Date

FOR THE RESPONDENTS:

Name
Position

10-27-94
Date

FRIENDS OF GARY HART 1988, INC. 0 4 3 6 0 5 2 6 0

2949

(303) 759-5719
1325 S. COLORADO BLVD., SUITE 504
DENVER, CO 80222-3320

23-7/1030

Sep 27 1994

PAY TO THE ORDER OF Federal Election Commission $ 30,000.00

Exactly Thirty Thousand and 00/100 DOLLARS

United Bank
United Bank of Denver+NA
(303) 595-3911 • 1700 Broadway • Denver, CO 80274
United Teleflora (303) 595-4350

FOR

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

Genie Norris, Treasurer
Democratic Congressional
Campaign Committee
430 South Capital Street
Washington, D.C. 20003

RE: MUR 3020
Democratic Congressional
Campaign Committee and
Richard M. Bates, as treasurer

Dear Sirs:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

2043605261

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

November 25, 1994

Kenneth A. Gross, Esq.
Skadden, Arps, Slate
Meagher & Flom
1440 New York Avenue, N.W.
Washington, D.C. 20005-2111

RE: MUR 3020
Albert Gersten
The Gersten Companies, Inc.

Dear Mr. Gross:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

cc: Tom K. Houston, Esq.

2043605262

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

November 25, 1994

Dennis D. Meyer, President
Office Liquidators, Inc.
5250 E. Evans Avenue
Denver, CO 80222

RE: MUR 3020
Office Liquidators, Inc.
Dennis D. Meyer
Scott Trauth
Jeffrey Meskan

Dear Mr. Meyer:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

cc: Scott Trauth
Jeffrey Meskan

2043605263

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

Paul E. Sullivan, Esq.
Wunder, Ryan, Cannon & Thelen
1615 L. Street, N.W.
Suite 650
Washington, D.C. 20036

RE: MUR 3020
The Monarch Group, Inc.

Dear Mr. Sullivan:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

cc: Peter A. Bagatelos, Esq.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

Richard W. Daily, Esq.
Burns, Wall, Smith and Mueller
303 East Seventeenth Ave.
Suite 800
Denver, CO 80203-1260

RE: MUR 3020
Colorado Democratic State
Central Committee and
Albert C. Gonzales, as treasurer

Dear Mr. Daily:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

2404360552665

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

Daniel D. Plattner, Esq.
2201 Glenarm Place
Denver, CO 80205

RE: MUR 3020
Merchants Office
Furniture, Inc.

Dear Mr. Plattner:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

2043605266

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

Michael R. Moore
Volunteer Committee
707 17th Street
Suite 3800
Denver, CO 80202

RE: MUR 3020
The Volunteer Committee
and Michael Moore,
as treasurer

Dear Mr. Moore:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

>4043605267

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

November 25, 1994

Ervin Torrel
Tally Ho Motor Inn
74 Rockwood Court
San Francisco, CA 94127

RE: MUR 3020

Dear Mr. Torrel:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

2043605268

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

M. Myron Lepkaluk
D/B/A Frankland & Leinhard, Inc.
12800 S.W. 62nd Avenue
Miami, Fl. 33156

RE: MUR 3020

Dear Sir/Madam:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

2043605269

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

David L. Ainbender, Esq.
Kelly, McAuliffe,
Ryan & Delli Santi
2049 Century Park East
Suite 1350
Los Angeles, CA 90067

RE: MUR 3020
YCS Investments, Inc.

Dear Mr. Ainbender:

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

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Jose M. Rodriguez
Attorney

2043605270

FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

THIS IS THE END OF MUR # 3020

DATE FILMED 12-27-84 CAMERA NO. 2

CAMERAMAN JMH

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