



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

THIS IS THE BEGINNING OF MUR # 3143

DATE FILMED 7/26/93 CAMERA NO. 4

CAMERAMAN TMN

23040951549

06C 8293

OKLAHOMA REPUBLICANS

MUR 3143

October 15, 1990

Mrs. Lee Ann Elliott
Chairman
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Madam Chairman:

This formal, sworn complaint, filed pursuant to 2 United States Code 437g(a)(1), alleges that the Dukakis for President Committee, Inc., by and through its agent, David Walters, unlawfully accepted and failed to disclose an "in-kind" corporate campaign contribution during the period from July 12, 1988 to September 30, 1988 with respect to a month-to-month lease on commercial office space in a building known as the One Western Plaza building, located at 5500 North Western, Oklahoma City, Oklahoma. This corporate "in-kind" contribution, arranged and facilitated by David Walters, is prohibited by 2 United States Code 441b.

According to a copyrighted newspaper account which appeared in the October 6, 1990 issue of the Saturday Oklahoman and Times (copy attached as Exhibit A), Mr. Walters, a contributor to the Dukakis campaign, as well as its Oklahoma campaign chairman, agreed in July of 1988 to make commercial real estate space available to the Dukakis committee in Oklahoma City under an arrangement which discounted the normal commercial rate for comparable lease

90 OCT 18 PM 3:40

FEDERAL ELECTION COMMISSION

90 OCT 19 PM 3:12

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

23040951551
space in the same building by about \$1,500 per month. According to press accounts, Mr. Walters, a trustee in bankruptcy for the owner of the building and the owner's creditors, agreed to lease the space for \$1.79 per square foot, knowing that other tenants in that building, including tenants contracted with by Mr. Walters personally, were required to pay rates that ranged from \$6.52 to \$13.25 per square foot. While Mr. Walters arranged for the Dukakis campaign to pay \$500 per month for 3,347 square feet of space, the newspaper, which reported these events, suggests that the commercial rate for that space would have exceeded \$2,000 per month.

As you know, the Federal Election Commission has long held that while federal candidate committees may accept a discount on rental facilities, such a discount must also be offered in the normal course of business, by the owner of the rental facility, to non-political organizations as well and, therefore, a discount is not available on a special basis to a federal candidate committee. The article from the Saturday Oklahoman and Times seems to demonstrate conclusively that Mr. Walters entered into a special lease arrangement with the Dukakis committee with the result that the Dukakis committee was afforded a drastically reduced per square foot charge which was not available to any other tenant in the building. In this instance, the difference between what the Dukakis committee actually paid for lease space and the average per square foot rental charge in the building

amounted to more than \$1,500 per month, which represents an "in-kind" contribution from the owner of the facility through the explicit intervention of the Dukakis campaign's chairman, David Walters.

Because Mr. Walters has previously been accused of and investigated for violations of Oklahoma state election law during his candidacy for governor in 1986 and is once again a candidate for governor in the November, 1990 general election, I request that the Federal Election Commission immediately undertake an expedited investigation of Mr. Walters' complicity in this violation of the Federal Election Campaign Act by the Dukakis committee in 1988.

Sincerely,

Clinton Key

Clinton Key,
Chairman
Oklahoma Republican Party

enclosure

Sworn to and subscribed before me this 15th day of October 1990.

Paul K. Be...
Notary Public

My Commission Expires:

4-16-94



Exhibit A



SATURDAY OKLAHOMAN & TIMES

OKLAHOMA CITY, OK

SATURDAY, OCTOBER 6, 1990

66 PAGES

254

Walters Discounted Office Rent for Dukakis Campaign

© Copyright 1990, The Oklahoman
Governatorial candidate David Walters used his position as a court-appointed receiver in 1986 to rent office space to the Michael Dukakis presidential campaign at a deeply discounted rate, *The Oklahoman* has discovered.

Walters leased space to the Dukakis campaign at a rate that was more than 75 percent below rates charged to other new tenants, records show.

Walters was chairman of the Du-

This story was written by staff writers Randy Ellis, Nolan Clay, Jim Worrrell and Robby Trammell.

kakis presidential campaign effort in Oklahoma at the time he approved the month-to-month lease. Both Walters and Dukakis are Democrats.

Walters denied that the arrangement constituted an "in-kind" political contribution to the

Dukakis campaign that should have been reported.

"That's ridiculous," Walters said in a telephone interview.

The lease was "good for the building, good for the receivership and good for the mortgagee," he contended.

Court documents examined by *The Oklahoman* show that Walters allowed the Dukakis campaign to pay \$1.79 a square foot for 3,347 square feet of space in the One Western Plaza building, 5000 N.

Western in Oklahoma City.

Walters approved lease agreements with five other new tenants during the six months he was receiver. All the other new tenants were required to pay at least \$8 a square foot.

Records show the building's 22 other existing tenants paid rates that ranged from \$6.52 to \$13.35 a square foot.

The discount lease arrangement allowed the Dukakis campaign to pay \$500 a month for space that would have cost more than \$2,000 a

month if the campaign had been charged the prevailing rate in that building.

If a campaign leases space at a reduced rate, the difference between the normal rate and the reduced rate constitutes an "in-kind" contribution and must be reported if the value exceeds \$500, a spokesman for the Federal Election Commission said.

Under federal election regulations, all contributions from individuals that exceed \$500 must be reported by the campaign organiza-

tion, the spokesman said. Corporations may not make campaign contributions.

The Oklahoman examined Dukakis' campaign contributions report for 1989 but could find no record of the lease being listed as an in-kind contribution. The records show that Walters contributed \$500 to the Dukakis campaign in February 1989 and his wife, Rhonda, contributed \$1,000 to the campaign in April 1989, but both contributions were made several months before

See WALTERS, Page 2

2 October 6, 1990 SATURDAY OKLAHOMAN & TIMES

Walters

From Page 1

the lease agreement was approved. Under federal law, "any person who knowingly and willfully commits a violation... which involves the making, receiving, or expending of any contribution or expenditure aggregating \$5,000 or more during a calendar year shall be fined, or imprisoned for not more than one year, or both." The minimum fine is \$5,000.

As a receiver, Walters was under a legal obligation to manage the office building "to the best advantage" of creditors and future owners of the property, which was going through foreclosure proceedings at the time.

Walters said he believes he met his obligation.

"It was an as-is deal that was made in order to get an extra \$500 (a month) income," Walters said. "It was a chance to cover some expenses that didn't look us into a long-term commitment."

He said the space was in "bad condition" and the lease was good for the building because it created an area of "activity and visibility" in a building that was 20 percent vacant.

Walters said some property managers put new tenants in buildings rent-free just to create the "appearance of activity."

Walters was appointed to the receiver's position by then-District Judge Joe Cannon, a Democrat, who a year and a half before created a major controversy by accepting control of Walters' 1988 campaign loan case and clearing Walters of alleged ethics violations.

The state Supreme Court unanimously overturned Cannon's decision in October 1987.

Special prosecutor Louis Bullock subsequently determined that Walters had violated terms of the Oklahoma Ethics Commission Act by accepting \$102,500 in loans from four contributors during the 1988 gubernatorial campaign. Bullock

declined to file charges, however, saying he believed the Oklahoma ethics law was unconstitutional at the time.

At the same time Cannon appointed Walters as receiver for the One Western Plaza building, the judge also appointed him as receiver for the MacArthur Executive Building, 4614 N. MacArthur in Oklahoma City.

Court records show Walters served six months as receiver for the properties and received \$24,313.12 in management fees and commissions. He also was reimbursed for his authorized expenses.

Walters filed monthly reports with the court that contained copies of nearly all new leases. However, the reports did not contain a copy of the Dukakis campaign lease, Walters said he could not explain why.

Walters reported that the Dukakis campaign signed its month-to-month lease July 12, 1986, and terminated the lease and moved out on Sept. 30.

Records show that although the Dukakis campaign's rent payments were due Aug. 1, 1986 and Sept. 1, 1986, the payments were not made until Aug. 31, 1986 and Oct. 5, 1986.

The campaign paid a total of \$1,000.

Court records show that Walters, as an individual, was appointed to serve as receiver for the two buildings, but payments for his services were made to The Walters Company, which he owns.

Consequently, Walters' personal income tax records, which he made public, do not reveal that he was paid to serve as receiver for the properties.

Walters has refused to make The Walters Company's corporate income tax records available for public inspection.

Walters will face Republican Bill Price and independent Thomas D. Lodgemoor II in the general election Nov. 6.

Walters' campaign records are on file with the state.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

October 23, 1990

Mr. Clinton Key, Chairman
Oklahoma Republican Party
4031 N. Lincoln
Oklahoma City, OK 73105

RE: MUR 3143

Dear Mr. Key:

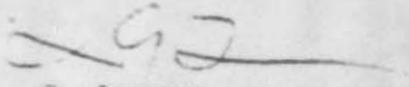
This letter acknowledges receipt on October 19, 1990, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by Dukakis for President Committee, Inc., Robert A. Farmer, as treasurer, Dukakis/Bentsen Committee, Inc., Edward Pliner, as treasurer and David Walters. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3143. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

If you have any questions, please contact Betha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence H. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

Enclosure
Procedures

23040951554



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 23, 1990

Dukakis for President Committee, Inc.
Mr. Robert A. Farmer, as Treasurer
20 Park Plaza
Suite #230
Boston, MA 02116

RE: HUR 3143

Dear Mr. Farmer:

The Federal Election Commission received a complaint which alleges that the Dukakis for President Committee, Inc. and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter HUR 3143. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

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 matter to be made public. 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.


93040951555

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

cc: Mr. Michael S. Dukakis

03040951556



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

October 23, 1990

Dukakis/Bentsen Committee, Inc.
Mr. Edward Pliner, as Treasurer
483 Washington Street
Brookline, MA 02146

RE: MUR 3143

Dear Mr. Pliner:

The Federal Election Commission received a complaint which alleges that the Dukakis/Bentsen Committee, Inc. and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3143. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.


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 matter to be made public. 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.

23040951557

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

cc: Mr. Michael S. Dukakis

23040951558



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 23, 1990

Mr. David Walters
3825 No. McKinley
Oklahoma City, OK 73118

RE: MUR 3143

Dear Mr. Walters:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3143. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

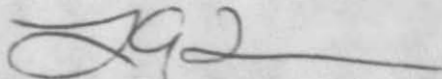
This matter will remain confidential in accordance with 5 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed 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.

23040251559

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

93040951560

2123 R Street, NW
Washington DC 20008

OGC 8572

RECEIVED
FEDERAL ELECTION COMMISSION
90 NOV -7 AM 9:50

HAND DELIVERED

November 6, 1990

Dottie Kent, Esq
Office of the General Counsel
Federal Election Commission
999 E. Street, N.W.
Washington, DC. 20463

Re: MUR 3143

Dear Ms. Kent:

The purpose of this letter is to request an extension of time with which to respond to MUR 3143. The original complaint was mailed to Boston and received by Mary Wong, the comptroller for the Dukakis/Bentsen Committee. She mailed it to me last week, but I have yet to receive it. She has put another copy in the mail to me at my Washington address. (I have been in New York for the last week and a half on other business.)

I therefore request an extension of two weeks in which to review the materials and draft a response. The new deadline would be November 28, 1990.

Thank you.

Carol C. Darr, Esq.
Counsel to
Dukakis/Bentsen Committee

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 NOV -7 AM 10:59

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 16, 1990

Carol C. Darr, Esq.
2123 R Street, N.W.
Washington D.C. 20008

RE: MUR 3143
Dukakis/Bentsen Committee, Inc.
and Edward Pliner, as treasurer

Dear Ms. Darr:

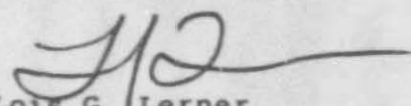
This is in response to your letter dated November 6, 1990 which we received on November 7, 1990 requesting an extension until November 28, 1990 to respond to the complaint filed against the Dukakis/Bentsen Committee. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on November 28, 1990.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Associate General Counsel

23040951562

HAND DELIVERED

OGC 8603

RECEIVED
FEDERAL ELECTION COMMISSION
MADE ROOM

R. THOMAS SEYMOUR

ATTORNEY

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

90 NOV -9 AM 10: 51

R. THOMAS SEYMOUR

SHERRY N. TAYLOR

AREA CODE 918
583-5791

November 8, 1990

VIA FEDERAL EXPRESS

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3143
Attn: Dodie Kent

Dear Sir or Madam:

We represent Governor-elect David Walters in respect of MUR 3143. Because of the requirements of the campaign of the respondent, we have had no opportunity to consult with him in respect of this matter, and it is likely that this will remain true for a few days. Request is formally made to extend the time for a response on MUR 3143 to November 30, 1990.

Please advise.

Sincerely yours,

R. Thomas Seymour
R. Thomas Seymour

RTS:mlc

cc: Hon. David Walters

90 NOV -9 PM 12: 29

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

23040251563

STATEMENT OF DESIGNATION OF COUNSEL

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

MUR 3143

90 NOV 15 AM 11:00

NAME OF COUNSEL: R. Thomas Seymour
ADDRESS: Suite 230
Mid-Continent Tower
Tulsa, Oklahoma 74103
TELEPHONE: (918) 583-5791

90 NOV 15 PM 2:57

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

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.

November 7, 1990
Date

David Walters
Signature

RESPONDENT'S NAME: David Walters
ADDRESS: 3875 North McKinley
Oklahoma City, Oklahoma 73118
HOME PHONE:
BUSINESS PHONE: (405) 236-1900

23040951564



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 16, 1990

R. Thomas Seymour, Attorney
Suite 230
Mid-Continent Tower
Tulsa, Oklahoma

RE: MUR 3143
David Walters

Dear Mr. Seymour:

This is in response to your letter dated November 8, 1990, which we received on November 9, 1990, requesting an extension until November 30, 1990 to respond to the complaint filed against Mr. David Walters. 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 November 30, 1990.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in dark ink, appearing to be "LGL", is written over the typed name of Lois G. Lerner.

BY: Lois G. Lerner
Associate General Counsel

23040951565

Dukakis/Bentsen Committee, Inc.
2123 R Street, N.W.
Washington, D.C. 20008

06-C 8775
RECEIVED
FEDERAL ELECTION COMMISSION
NOV 29 1990

90 NOV 29 AM 10:44

November 28, 1990

Dotie Kent, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, Esq.
Washington, D.C. 20464

Re: MUR 3143

Dear Ms. Kent:

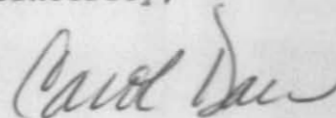
This response is made on behalf of the Dukakis/Bentsen Committee, Inc., to MUR 3143 regarding the Oklahoma Republican Party's allegation that the Dukakis campaign failed to pay a commercially reasonable amount of rent for the office space leased in the One Western Plaza building at 5500 N. Western Street in Oklahoma City, Oklahoma.

According to Thomas Seymour, Esq., attorney for Governor David Walters, the space had an odd design and was leased on an "as is" basis. After the Dukakis campaign vacated the premises, the space remained vacant for over two years, until January 1990. Even then, a substantial amount of improvements were undertaken in order to attract a new tenant.

Under these circumstances, we believe that the amount of rent that was tendered was commercially reasonable considering the facts that the space was unattractive, no improvements were made prior to our occupancy, and our lease was for a brief duration.

I understand from Mr. Seymour that Governor Walters has been named separately as a respondent, and that they will be filing a separate response. The documents relating to this matter are in the possession of Governor Walters and his attorney, and as I receive additional information from Mr. Seymour, I request the Commission's leave to supplement the Committee's response.

Sincerely,



Carol C. Darr, Esq.
Counsel for the Committee

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 NOV 29 AM 12:12

695156040000

06-C 8796

R. THOMAS SEYMOUR

ATTORNEY

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR

SHERRY N. TAYLOR

90 NOV 30 AM 10:38

AREA CODE 918
583-5791

90 NOV 30 AM 12:39

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

November 29, 1990

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Dodie Kent

Dear Ms. Kent:

Coming to you direct from Governor-elect Walter's office is an affidavit of David L. Walters in connection with MUR 3143. It should be noted that the complaint was filed against the Democratic nominee for Governor of Oklahoma, David L. Walters, in the midst of a campaign that was widely perceived to be going badly for the Republican opponent. The perception proved accurate, as there was more than a 20% differential in votes received.

The FEC may wish to keep in mind that in 1988 the Oklahoma City office rental market was in a real slump, and that slump continues to this day. The decline in the oil and gas industry has hit Oklahoma City hard, as it has a number of other cities.

The FEC may also wish to keep in mind that a court-appointed fiduciary has an obligation to maximize revenue, within the bounds of prudence. For political purposes, it was easy for the complainant to charge a "sweetheart" deal, but the facts are otherwise. It would have been imprudent for Mr. Walters not to have rented the space, both for the revenue, and the activity on the ground floor, as noted in his affidavit.

We are hopeful that the material provided will be sufficient to conclude the matter. Should you have questions or need additional information, let us know.

Sincerely yours,

R. Thomas Seymour
R. Thomas Seymour

RTS:vp

Walters.9

7 5 1 5 6 0 4 0 3 0

86-C-8799

RECEIVED
FEDERAL ELECTION COMMISSION
MAY 1988

90 NOV 30 AM 10:21

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

MUR 3143

AFFIDAVIT

David L. Walters, being first duly sworn, does depose and state:

1. On July 12, 1988 I was receiver in Case #CJ88-2914, District Court of Oklahoma County. As such receiver, I was charged with the responsibility of operating the office building at One Western Plaza, Oklahoma City, Oklahoma.

2. Part of the unrented space of One Western Plaza, as of 7-1-88 was a 3,347 sq. ft. space on the ground floor. This space had been configured for a previous tenant to provide a large open area with fixtures in the floor of numerous half-partitions. From our marketing efforts we knew this space had been and would continue to be very difficult to lease.

3. In July, 1988, the overall vacancy rate for office space in Oklahoma City was over 20%. The space rented to the Dukakis presidential campaign was ground floor space. One of the important principles of leasing a multi-story building of this type is to have activity on as much of the ground floor as possible.

4. At 7-1-88 approximately 17.5% of One Western Plaza was vacant, of which the space rented to the Dukakis presidential campaign was 6.22% of that 17.5%.

5. As a court-appointed receiver, my duty was to maximize revenue at One Western Plaza.

6. Prior to the request of the Dukakis presidential campaign, no request was made by any party to lease space month-to-month at One Western Plaza during the time I was receiver.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 NOV 30 AM 12:40

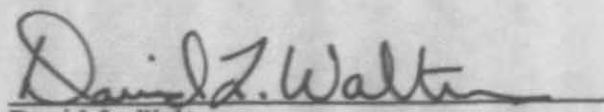
89515604050

- 93040951569
7. On 7-12-88, I executed the lease attached hereto as Exhibit A.
 8. Exhibit A terminated on September 30, 1988.
 9. During the term of Exhibit A no opportunity was presented to lease such space to any prospective tenant, whether on a long term, short term, or month-to-month basis.
 10. The space rented in Exhibit A was rented strictly "as is".
 11. From the date of expiration of Exhibit A until January, 1990, the space was vacant.
 12. One Western Plaza was foreclosed by the mortgage holder. Neither that mortgage holder, the court, or any other person made any objection to my stewardship as receiver of One Western Plaza whether in respect of this matter or otherwise.
 13. The space rented to the Dukakis presidential campaign was rented beginning January, 1990 on a five year basis. To induce the signing of such lease, tenant improvements of \$25,188 (or, over \$7.50 per sq. ft.) had to be agreed to by me as receiver. In addition, as a tenant concession, I had to agree to three months free rent, which is \$6,945. In addition, in connection with such lease \$8,334.01 in leasing commissions had to be paid. Aggregated, the cash concessions through the first three months of the new lease total \$40,467.00.


14. One Western Plaza in 1988, and as of today, is not an office building where month-to-month leases are common. There were no other month-to-month arrangements at that time, nor are there now.

Further affiant sayeth not.

Done this 29th day of November, 1990.


David L. Walters

Subscribed to and sworn before me this 29th day of November, 1990.


Notary Public

My Commission Expires:

May 4, 1991

R. THOMAS SEYMOUR

ATTORNEY

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR

SHERRY N. TAYLOR

RECEIVED
FEDERAL ELECTION COMMISSION
TULSA, OKLAHOMA

90 DEC 13 AM 10:42

AREA CODE 918
583-5791

December 12, 1990

MUR 3143
90 DEC 13 PM 3:38
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

VIA FEDERAL EXPRESS

Ms. Dodie Kent
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Ms. Kent:

Attached is the Lease Agreement which should have been attached as an exhibit to Governor-Elect Walters' affidavit.

Sincerely yours,

R Thomas Seymour

R. Thomas Seymour

RTS:vp
Attachment

15715040303

OFFICE BUILDING LEASE

Page 1

THIS LEASE CONTRACT, is entered into this 27th day of July, 1988.LESSOR: David Walters, Receiver Case # CJ-88-2914LESSEE: Dukakis for President - Oklahoma CampaignBUILDING: One Western Plaza

REAL ESTATE: _____

PREMISES: (See Exhibit A)PERMITTED USE: General OfficeTENANT RENTABLE AREA: 3347 SQ. FT.RENT PER SQ. FT. \$ 1.79BUILDING RENTABLE AREA: 53,814 SQ. FT.EXPENSE STOP \$ N/ALEASE TERM: Month to Month BEGINNING DATE: August 1, 1988 ENDING DATE: _____TOTAL RENT: \$ N/AANNUAL RENT: \$ N/AMONTHLY RENT: \$ 500.00SECURITY DEPOSIT \$ N/AFIRST MONTH'S
RENT IN ADVANCE: \$ N/APRELIMINARY PLAN DELIVERY DATE: N/AFINAL PLAN DELIVERY DATE: N/AATTACHED EXHIBITS: Exhibit A - Floor Plan

LESSOR DOES HEREBY LEASE unto Lessee and Lessee does hereby lease from Lessor, for only the permitted use specified above, the Premises together with the right to use, for such permitted use, in common with others, the lobbies, and other public portions of the Building.

TO HAVE AND TO HOLD the Premises for the Lease Term specified above.

This Lease is subject to the following terms and those set forth on the Exhibits attached hereto.

LESSEE'S OBLIGATIONS

1. RENT.

Lessee shall pay to Lessor the Total Rent specified above. Such rent shall be paid in monthly installments, each in the amount of the Monthly Rent specified above, which shall be due and payable on the first day of each calendar month during the Lease Term.

2. ADDITIONAL RENT.

2.1 Definitions. For purposes of this paragraph the following terms shall have the following definitions:

2.1.1 "Operating Expenses" shall mean all of Lessor's actual operating expenses in connection with the operation of the Building and the Real Estate according to standard accounting practices, including, but not limited to, expenses incurred by Lessor in providing the services contemplated by this Lease, expenses incurred by Lessor in leasing the Building, routine maintenance and repair expenses, the cost, amortized over a reasonable period, and associated financing costs, of any capital improvement made after completion of the Building if such improvement shall constitute a substantial cost saving or labor saving device, and management fees (not to exceed 5% of gross rents from the Building) and other expenses, but excluding depreciation of the Building or equipment owned by Lessor, interest cost, income taxes, costs of maintaining Lessor's corporate existence, franchise taxes, real estate commissions, Lessee's improvements, salaries of officers and executives of Lessor or any expenditures required to be capitalized for federal income tax purposes, except as set forth above.

2.1.2 "Real Estate Taxes and Assessments" shall mean and include all general and special real and personal property taxes and assessments levied upon or assessed against the Building, the Real Estate, or any other improvements, fixtures, or personal property owned by Lessor and located on the Real Estate. With reference to special assessments when the same are payable over a period of years, only that portion required by law to be paid during a calendar year, together with any interest thereon, shall be treated as a tax or assessment allocable to such year.

2.1.3 "Building Vacancy" for any calendar year, shall mean the average of the rate of vacancy in the Building in each calendar month in such year. The rate of vacancy in the Building in any calendar month shall be determined by dividing the total square footage of the Building Rentable Lease Area which is vacant on the first day of such calendar month by the total square footage of the Building Rentable Lease Area.

2.1.4 "Lessee's Share," for any calendar year, shall be determined by dividing (i) the Tenant Rentable Lease Area, as of the end of such year, by (ii) the difference between the Building Rentable Lease Area and one-half the Building Vacancy for such year.

2.1.5 "Additional Rent" shall mean all amounts payable by Lessee under this paragraph.

23040951572

of which this Lease shall be in effect, the sum of the product of the Building Rentable Lease Area for such year and the Expense Stop, Lessee shall pay Lessor Lessee's Share of such excess, if any.

State Taxes and Assessments. If during any calendar year during any part of the term of this Lease, the Operating Expenses and Real Estate Taxes and Assessments exceeds the

2.3 **Determination of Additional Rent.** Additional Rent shall be determined annually. Lessor shall, as soon as possible after the determination of the Additional Rent for any calendar year, but no later than April 30 of the following calendar year, furnish Lessee a statement in writing setting forth the amount of Additional Rent and the basis for the calculations thereof.

2.4 **Payment of Additional Rent.** Within ten (10) days of Lessee's receipt of such statement, Lessee shall pay to Lessor (i) an Additional Rent for the previous calendar year not theretofore paid and (ii) the product of 1/12 of the Additional Rent for the previous calendar year and the number of lapsed months in the current calendar year less Additional Rent already paid during such months, for application on the Additional Rent payable with respect to the current calendar year. Until further notice of change in Additional Rent there shall be due from Lessee on the first day of each calendar month an amount equal to 1/12 of the Additional Rent set forth in such notice, to be applied against the Additional Rent owed for the calendar year or years in which such payments are made.

2.5 **Partial Years.** If this Lease begins on a day other than the first day of a calendar year or ends on a day other than the last day of a calendar year, the Additional Rent for such calendar years shall be prorated. Lessee's obligation to pay Additional Rent for the final calendar year during any part of which this Lease shall be in effect shall survive the expiration or termination hereof.

2.6 **Audit of Additional Rent.** Lessee may, at its own expense, cause an audit of Lessor's books and records to be made with respect to Lessor's determination of Additional Rent within three months following the date on which Lessee receives notice of any Additional Rent pursuant to the terms hereof. If as a result of such audit, a determination is made that the Additional Rent specified in the Lessor's notice is in excess of or less than the Additional Rent determined on audit then Lessor shall promptly refund to Lessee all sums theretofore paid by Lessee in excess of the amount owed, or Lessee shall pay to Lessor all additional sums owed to Lessor as Additional Rent and subsequent installments of Additional Rent payable in such year shall be appropriately adjusted. If the Additional Rent specified in the Lessor's notice is 3% or more in excess of the Additional Rent due as determined by the audit, Lessor shall reimburse Lessee all costs and expenses incurred by Lessee in connection with such audit. Any audit conducted by Lessee hereunder shall not suspend Lessee's obligation to pay Additional Rent pursuant to the terms hereof during the period of such audit.

3. GOOD ORDER AND REPAIR.

Lessee will keep the Premises in good order, repair and condition and surrender same at the expiration of the term herein in the same condition in which they are received, reasonable wear and tear excepted.

4. FIXTURES, ALTERATIONS AND IMPROVEMENTS.

Lessee shall not make any alterations, additions or improvements or install fixtures in the Premises without the written consent of Lessor and all alterations, additions, fixtures or improvements which have heretofore or shall be made by either of the parties hereto upon the Premises, except movable office furniture put in at the expense of the Lessee, shall be the property of the Lessor and shall remain upon and be surrendered with the Premises as a part thereof, at the termination of this Lease.

5. INDEMNIFICATION OF LESSOR.

Lessee at all times, will indemnify and hold harmless Lessor from all losses, damages, liabilities, claims and expenses which may be claimed against Lessor by insurers acting on behalf of Lessee or for any injuries or damages to the person or property of any persons, arising from the use or occupancy of the Premises by Lessee or arising from any acts, omissions, neglect or fault of Lessee or its agents, servants, employees, licensees, customers or invitees, or arising from Lessee's failure to comply with any laws, statutes, ordinances or regulations applicable to it or the conduct of its business. Lessor shall not be liable to Lessee for any damages, losses or injuries to the persons or property of Lessee which may be caused by the acts, neglect, omissions or faults of any person, firm or corporation other than the gross negligence of Lessor.

6. ESTOPPEL CERTIFICATES.

Lessee agrees, from time to time, upon not less than ten (10) days prior notice by Lessor, to execute, acknowledge and deliver to Lessor a statement in writing addressed to Lessor and to such other party as Lessor may request, certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in force and effect as modified and stating the modifications), stating the dates to which the rent, Additional Rent and other charges have been paid, stating whether or not to the best knowledge of the signer of such certificate there exists any default in the performance of any covenant, agreement, term, provision or condition contained in this Lease, and if so, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by Lessor and by any mortgagee or prospective mortgagee of any mortgage affecting the Building and/or the Real Estate and by any potential purchaser of the Building and/or the Real Estate.

7. NOTICE OF DEFECTS.

Lessee shall give to Lessor prompt written notice of any accident to or defects in the water pipes, gas pipes, heating or cooling apparatus, to be remedied by Lessor with due diligence.

8. INSURANCE.

Lessee will maintain at Lessee's sole cost and expense, throughout the term hereof, a policy of insurance insuring the Lessee, with an endorsement naming Lessor or additional insured, against all liability for injury to or death of any person and property damage occasioned by, arising out of or in connection with the occupancy of the Premises, the limits of such policy to be in an amount of not less than \$1,000,000 combined single limit bodily injury and property damage liability. Lessee shall also carry policies of insurance in sufficient amounts to insure all of Lessee's personal property on the Premises and all other fixtures and other improvements installed in or on the Premises by or at the expense of Lessee against fire, theft, vandalism and other casualty loss. Such policy shall name Lessor and Lessee as insureds, as their interests may appear, with Lessor named as loss payee. All insurance policies shall be maintained with an insurance company authorized to do business in the State of Oklahoma and otherwise acceptable to Lessor and shall contain such other terms and endorsements as may be reasonably requested by Lessor. Lessee shall furnish evidence satisfactory to Lessor of the maintenance of such insurance including certificates of insurance and evidence of payment of all insurance premiums during the term hereof.

LESSOR'S OBLIGATIONS

9. CASUALTY LOSS.

If the Building or Premises are totally or partially destroyed by fire, the elements, or other casualty so that the same cannot be repaired within 120 days from the happening of such injury, then this Lease shall cease and become null and void from the date of such damage or destruction and Lessee shall immediately surrender the Premises and all interest therein to Lessor and Lessee shall pay rent, including any Additional Rent, only to the time of such surrender, and Lessor may re-enter and repossess the Premises discharged of this Lease and may remove all parties therefrom. If the Premises can be repaired within 120 days from the date of destruction, then the rent shall abate from the date of destruction until the date the Premises are repaired and Lessor shall repair the same with all reasonable speed. If the Premises shall be so slightly injured so as not to be unfit for occupancy then Lessor agrees to repair the Premises within a reasonable time and in that case rent shall not cease in whole or in part.

10. UTILITIES.

10.1 **Services.** Lessor shall furnish the following services to the Premises: heat, electric service, janitorial service, water and air conditioning. Air conditioning will be furnished during the season when needed in the normal business week, Monday through Friday from 8:00 a.m. to 6:00 p.m. and Saturday from 8:00 a.m. to 1:00 p.m. Otherwise, such services shall be provided at such times, temperatures, and in such amounts as Lessor customarily provides to Lessees of space in the Building.

16.2 **Additional Equipment.** Lessor's use of electric energy in the Premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the Premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's electric service, Lessee shall not, without Lessor's prior written consent in each instance (which shall not be unreasonably withheld), connect any computer equipment or any additional fixtures, appliances or equipment (other than lamps, typewriters, small office copier machines and similar small office machines) to the Building's electric distribution system of the Premises existing on the commencement date of this Lease. Should Lessor grant such consent, all additional wires or other equipment required therefor shall be provided by Lessor and the cost thereof shall be paid by Lessee upon Lessor's demand. As a condition to granting such consent, Lessor shall require Lessee to pay, as additional rent, an amount equal to the cost, as reasonably determined by Lessor, of the additional electricity consumed by reason of the installation of such equipment.

16.3 **Failure of Services.** Lessee agrees that Lessor shall not be liable for failure to supply any such heating, air conditioning, lighting or electrical service; however, Lessor agrees to use diligence to supply or resume the supply of such services, it being understood that Lessor reserves the right to temporarily discontinue such services or any of them at such times as may be necessary by reason of accident, unavailability of employees, repairs, alterations or improvements or whenever by reason of strikes, lockouts, riots, acts of God, or any other happening beyond the control of Lessor.

LESSOR'S RIGHTS AND REMEDIES

1. LIEN ON LESSEE'S PROPERTY.

The Lessor shall have at all times a valid first lien for all rent and other sums of money to become due hereunder from the Lessee upon all of the personal property of the Lessee situated in the Premises, and said property shall not be removed therefrom without the consent of the Lessor until all rent and other sums payable hereunder shall have been paid and discharged, provided further that the lien hereby granted may be foreclosed in the manner and form provided by Oklahoma Uniform Commercial Code, and Lessee agrees to execute such financing statements and continuation statements as may be necessary to perfect the security interest herein provided for.

2. REMOVAL OF LESSEE'S PROPERTY.

All personal property not removed by the Lessee from the Leased Premises within five (5) days after the expiration or earlier termination of the Lease Term will be conclusively presumed to have been abandoned by the Lessee and the Lessor may, at the Lessor's option, thereafter take possession of such property and either declare the same to be the property of the Lessor or, at the expense of the Lessee, dispose of such property in any manner and for such consideration the Lessor, in the Landlord's sole discretion, deems advisable.

3. RIGHT OF ENTRY.

Lessor, or any of its agents, shall have the right to enter the Premises during all reasonable hours to examine the same or to make such repairs, additions or alterations as may be deemed necessary for the safety, comfort or preservation thereof or of the building or to show the Premises at any time within ninety (90) days before the expiration of this Lease. This right of entry shall also not for the purpose of removing placards, signs, fixtures, alterations or additions which do not conform to this agreement.

4. INTEREST ON DEFAULT.

Lessee agrees to pay to Lessor interest at the rate of eighteen percent (18%) per annum from the due date on any rent or other sum payable hereunder which is not paid when due. The accrual of such interest shall be without prejudice to any other remedies which may be available to Lessor hereunder or under the law.

5. DEFAULT AND REMEDIES.

15.1 **Termination.** In the event Lessee shall fail to perform any of the covenants, conditions and agreements (other than the payment of rent, Additional Rent or other sums owing to Lessor) contained in this Lease, including the rules and regulations and exhibits hereto, the Lessor shall have the option after five (5) days written notice to Lessee to declare this Lease null and void and Lessor may re-enter and take possession of the Premises and collect from Lessee, in addition to all rent, Additional Rent, and all other sums payable hereunder, damages or losses resulting from any such failure. Lessor and Lessee agree that such damage shall be compensated by the payment by Lessee to Lessor of an amount equal to \$10 multiplied by the number of square feet set forth on page 1 as Tenant's Rentable Lease Area. Upon re-entry of the Premises by Lessor rent and other sums payable hereunder shall become due, such rent to be apportioned and paid up and to the day of such entry. Lessee hereby expressly waives any statutory right to notice to quit possession or of intention to re-enter.

15.2 **Other Remedies.** If the Rent, Additional Rent or any other sums owing to Lessor at or after the date when due or if the Lessee shall abandon the Premises (failure by Lessee to occupy the Premises for a period of more than 30 days shall be deemed an abandonment of the Premises for the purpose of this paragraph) make an assignment for the benefit of creditors, or commit any act of insolvency, or shall make any transfer of property, the purpose of which might tend to defeat the collection of the rent or other sums due or to become due under this Lease or in case a receiver is appointed to take charge of and conduct the affairs of the Lessee and in any of said cases, Lessor may at its option exercise any one or more of the following remedies in addition to other remedies available to it by law or in equity: (i) Lessor may re-enter the Premises as provided for in subparagraph (a) above, and, in addition to rent and other sums to the date of re-entry by the Lessor as provided in said paragraph (a), Lessee shall pay to Lessor as damages the amount, if any, by which the Rent and Additional Rent in the amount then in effect for the remainder of the Lease Term exceeds the fair market rental of the Premises for said period; (ii) Lessor may declare all rent, and Additional Rent in the amount then in effect, for the remainder of the Lease term to be due and payable immediately; (iii) Lessor may re-enter the Premises and re-let the Premises on behalf of the Lessee on such terms as Lessor may determine and Lessee shall pay to Lessor any deficiency in rent and other sums payable hereunder that may arise from such reletting; (iv) Lessor may terminate this Lease upon 5 days prior written notice and Lessee shall pay to Lessor as liquidated damages an amount equal to \$10 multiplied by the number of square feet set forth on page 1 as Tenant's Rentable Lease Area; it being agreed between Lessor and Lessee that the damage to Lessor upon Lessee's default cannot be ascertained with certainty.

6. SURRENDER, ELECTION AND WAIVER.

No act or thing done by the Lessor or its agents shall be deemed an acceptance of a surrender of the Premises and no agreement to accept a surrender of the Premises shall be valid unless the same be made in writing and signed by the Lessor. The mention in this Lease of any particular remedy shall not preclude the Lessor from any other remedy the Lessor might have, either in law or in equity, nor shall the waiver of or redress for any violation of any covenant or condition in this Lease contained or any of the rules and regulations, prevent a subsequent act which would have originally constituted a violation of having all the force and effect of an original violation. The receipt by the Lessor of rent or any other sum payable hereunder, with knowledge of the breach of any covenant in this Lease, shall not be deemed a waiver of such breach. The failure of the Lessor to enforce any of the rules and regulations of this Lease now in effect or hereafter adopted against the Lessee and/or any other lessee in the Building shall not be deemed a waiver of any such rules and regulations. No provision of this Lease shall be deemed to have been waived by the Lessor unless such waiver be in writing signed by the Lessor.

OTHER OBLIGATIONS, RIGHTS AND REMEDIES

7. RISK OF LOSS.

17.1 **Loss.** All personal property in the Premises shall be and remain at Lessee's sole risk and Lessor shall not be liable for any damage to, nor loss of such personal property from any cause whatsoever.

03040951574

17.2 Waiver of Subrogation. Lessor and Lessor hereby release each other from any liability to one another or anyone claiming through or under them by way of subrogation or otherwise, for any loss or damage to property caused by fire or any of the extended coverage casualties covered by the insurance maintained by Lessee or Lessor to the extent of such insurance. Lessee and Lessor hereby represent to the other that the insurance carried by each permits the release contained in this paragraph and agree to notify their respective insurance carriers of such release.

8. CONDEMNATION.

Any condemnation award, or payment in lieu of condemnation, with respect to the Premises, the leasehold estate created by this Lease, the Building or any part of the land upon which the Building is located, shall be the entire property of the Lessor and the Lessee shall not share therein.

9. ASSIGNMENT AND SUB-LETTING.

19.1 "Consent Required." Neither the Leased Premises nor any part thereof shall be assigned, let, or underlet by operation of law or otherwise, or used or permitted to be used for any other purpose than hereinabove mentioned without the written consent of the Lessor first endorsed hereon, which consent will not be unreasonably withheld by Lessor; and if so assigned, let or underlet, used or permitted to be used without such written consent, the said Lessor may reenter the Leased Premises, either by force or otherwise, without being liable to prosecution or any claim therefor and re-let the Leased Premises, and this Lessee, by such unauthorized act, shall terminate if the said Lessor shall so determine and elect, or if re-let at a lesser rental, Lessee shall pay the difference between such rental and the rental herein specified and agreed to be paid. Each request by the Lessee for Lessor's written consent to an assignment, letting or underletting by the Lessee shall be in writing and shall be accompanied by such information concerning the proposed new lessee and the terms of the proposed assignment, letting or underletting as Lessor may reasonably request. Each such written request by Lessee to Lessor shall be deemed to be an offer by the Lessee to surrender this Lease as to the space for which such consent is requested, which offer, unless accepted by the Lessor within thirty (30) days after receipt by Lessor shall be deemed to have been rejected. Acceptance of such offer by Lessor shall immediately release Lessee from all obligations and liabilities under this Lease, except accrued and unpaid rent and those obligations specifically applicable upon the termination of this Lease. Provided, however, that nothing herein contained shall limit or restrict Lessor's right to reasonably refuse to consent to the proposed assignment, letting or underletting, and to have this Lease remain in full force and effect. The conditions and covenants herein provided for shall be binding upon the assignees and sub-lessees hereof, and in case of an assignment or sub-letting of or under this Lease, all the conditions and covenants herein stipulated for are hereby expressly made conditions and covenants under which said assignee or sublessee holds; and said assignee or sub-lessee by accepting under said Lease becomes liable and subject to all the terms, conditions and covenants as if this Lease had been made with him originally. It is further expressly provided that the waiver of any condition against any person or for any purpose shall not be construed to operate as a waiver of any other condition or covenant or against any other person or for any other purpose, and in case of assigning or sub-letting without consent as aforesaid, an acceptance of rent by the Lessor from such assignee or sub-lessee shall not be construed as a consent to the assignment or sub-letting of the term, but shall be construed as a waiver only for the period for which the rent is accepted and such assignee or sub-lessee shall at the option of the Lessor be regarded as a tenant from month to month. Lessor may assign said Lease or any part thereof or right thereunder. Any and all successors and assigns of Lessor shall be entitled to the benefits of and be bound by the terms of this instrument.

20. NON-WAIVER.

The waiver of any condition against any person or for any purpose shall not be construed to operate as a waiver against any other conditions or covenants or against any other person or for any other purpose and shall not prevent the Lessor from subsequently enforcing the condition.

MISCELLANEOUS

21. VALIDITY.

It is further understood and agreed that in the event any provision of this Lease shall be adjudged, decreed, held or ruled to be invalid, such portion shall be deemed severable, and it shall not invalidate or impair as a whole or any other provision of this Lease.

22. NOTICES.

All notices shall be sent by certified or registered mail or shall be delivered in hand to the Lessor or Lessor's Agent and to the Lessee or Lessee's Agent on the Premises. If the Premises are unoccupied or acceptance of said notice is refused by the Lessee or Lessee's Agent, said notice may be served on the Lessee by posting same in a prominent place on the Premises. This paragraph shall apply to notices provided for in this Lease or by the laws of the State of Oklahoma.

23. HEIRS AND ASSIGNS.

This Lease and all provisions, covenants and conditions hereof shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto, except that no person, firm or corporation nor court officer holding under or through Lessee in violation of any of the terms, provisions or conditions of this Lease shall have any right, interest or equity in or to this Lease, the terms of this Lease or the Premises covered by this Lease. The Lessor's interest hereunder shall be freely assignable and upon any such assignment the Lessor shall be released from the covenants and conditions contained herein.

24. CONSTRUCTION.

It is expressly understood that the Lessor shall not be construed or held to be a partner or associate of the Lessee in the conduct of its business; it being expressly understood that the relationship between the parties hereto is and shall remain at all times that of Lessor and Lessee. The terms Lessor and Lessee as herein contained shall include singular and/or plural, masculine, feminine and/or neuter heirs, successors, executors, administrators, personal representatives and/or assigns wherever the context so requires or admits. The terms of this Lease shall be construed under the laws of the State of Oklahoma. The caption of each paragraph hereof is entered as a matter of convenience only and shall be considered to be of no effect in the construction of any provision or provisions of this Lease.

25. RULES AND REGULATIONS.

The rules and regulations in regard to the Building attached to this Lease and such further rules as may be made by the Lessor as provided in said rules, shall during the Lease Term be in all things observed and performed by the Lessee and by his agents, employees, visitors and licensees.

26. SUBORDINATION.

This Lease shall be and is hereby made subordinate to any mortgage or deeds of trust which may now or hereafter encumber the Building and/or the Real Estate and shall be subordinate to all renewals, modifications, consolidations, replacements and extensions thereof. Lessee understands that as a condition to long term financing which may be sought by Lessor, the terms of this Lease may be subject to approval by a mortgagee and therefore, Lessee agrees to consider any reasonable modifications of this Lease which do not in the aggregate substantially alter its essential terms and which are required by any such mortgagee for its approval.

27. AMENDMENT.

This Lease contains the entire agreement between the parties hereto and supersedes any prior agreements, written or oral, concerning the Premises. This Lease may be modified only by an agreement in writing signed by both parties.

28. TIME.

Time is of the essence in all the terms and provisions of this Lease.

23040951575

IMPROVEMENTS PROCEDURE

ARCHITECTURAL DESIGN AND ENGINEERING SERVICES

a. Lessor agrees to construct the Building and Improvements on the Real Estate substantially in accordance with:

- 1) The preliminary drawings and outline specifications listed in Exhibit "C" and
- 2) Such further working drawings and specifications and changes thereto as may from time to time be reasonably necessary, but which changes shall not materially affect the Premises without Lessor's prior written consent.

3) Lessee shall deliver to Lessor for Lessor's approval prior to the Preliminary Plan Delivery Date three preliminary layout and ("Preliminary Plans") of the Premises in sufficient detail to allow preparation of preliminary cost estimates, which preliminary plans shall be initiated by Lessee to indicate his approval. Lessor shall notify Lessee of any changes required to be made in the preliminary Plans to meet applicable building codes or to otherwise obtain Lessor's approval, and Lessee shall within 10 days of such notice furnish Lessor with revised Preliminary Plans, which revised Preliminary Plans shall be initiated by Lessee to indicate his approval thereof. Upon the submission of Preliminary Plans satisfactory to Lessor, Lessor shall indicate his approval by initiating each of the three sets of Preliminary Plans and returning one set to Lessee.

b. Prior to the Final Plan Delivery Date, Lessee shall deliver to Lessor for Lessor's approval complete construction drawings and specifications required to adapt Lessee's space to Lessee's occupancy requirements ("Final Plans"). Such plans shall be approved and signed by Lessor and Lessee. The Final Plans shall include:

- 1) Furniture and Equipment Layout Plans
- 2) Dimensioned Partition Plans
- 3) Dimensioned Electrical and Telephone Outlet Plans
- 4) Reflected Ceiling Plans
- 5) Door and Hardware Schedules
- 6) Room Finish Schedule
- 7) All Necessary Construction Details and Specifications for Work.

In addition, Lessee's design representative shall coordinate preparation of Lessee's electrical and mechanical engineering plans for the Premises, prepare detailed estimates and bid documents for Lessor work not included in Exhibit "C" and, if required by Lessee, review field construction work. Cost of this aforementioned design and engineering work shall be paid by Lessee.

c. Lessee's interior furnishings, i.e., specifications, coordination, supply and installation of furniture, furnishings, telephones and movable equipment, will be the responsibility of the Lessee.

d. Lessor will not approve: (i) any alterations or additions requiring unusual expense to readapt the Premises to normal office use or (ii) any alterations or additions requiring the cost of construction, insurance or taxes on the Building or of Lessor's services unless Lessee first gives assurances acceptable to Lessor for payment of such increased cost and that such readaptation or (ii) any alterations or additions requested by Lessee including without limitation, alterations and additions in the partitioning, flooring, ceiling, wall and floor coverings, and wall openings, which will delay completion of the Premises or the Building.

XII. CONSTRUCTION

a. All of Lessee's changes and additions and installation of furnishings shall be coordinated with any work being performed by Lessor and in such manner as to maintain harmonious labor relations and not damage the Building or interfere with Building operations.

Lessor agrees to use reasonable efforts to have the Premises ready for occupancy on or before the scheduled Commencement Date of this lease. Lessee shall be liable for rent from the date the Premises are ready for occupancy. The Premises shall be deemed ready for occupancy upon (i) actual occupancy by Lessee; (ii) the substantial completion of the Premises; or (iii) in the event of Tenant Delay, the Commencement Date of the lease.

b. Substantial completion of the Premises shall be deemed to have occurred on the date on which improvements to the Premises included in the Final Plans, together with sufficient facilities for reasonable access and service thereto, have been completed, except for items of work and mechanical adjustment of equipment and fixtures which because of season or nature of the item cannot practicably be done at the time and are not necessary to make the Premises reasonably tenable for permitted uses. Tenant's Delay shall be delay caused by the number of days lapsing from the date stated in Paragraph 1 of this Exhibit for delivery of Preliminary Plans and Final Plans until actual delivery of the Preliminary Plans and the Final Plans, plus the delay from such actual deliveries caused by further alterations, additions, or deletions requested by Lessee and delay caused by Lessor's failure to pay timely statements rendered by Lessor reimbursable charges incurred in improving the Premises.

c. Construction of all leasehold improvements to the Premises shall be done in accordance with the Final Plans approved by Lessee and Lessor (hereinafter referred to as "Work") and shall be performed by Lessor's General Contractor. Lessee shall pay to Lessor the cost set forth in Paragraph 3 (a) of this Exhibit, of all Work done by Lessor's General Contractor not included in the Standard Tenant Allowances as described in Exhibit "B" of this Lease. All Work not within the scope of the normal construction trades employed on the Building shall be furnished and installed by Lessee at its own expense and subject in all respects to the provisions of this Lease and the approval of Lessor. All such work shall be coordinated by Lessor's General Contractor. Lessee further agrees that Lessee will pay all items of contracture, subcontractors, mechanics, laborers, materialmen and other items of like character and will indemnify Lessor against all legal costs and charges, bond premiums for release of liens, including counsel fees reasonably incurred in and about the defense of any suit in discharging the Premises, the Building, and the Real Estate from any liens, judgments or encumbrances caused or suffered by Lessee. It is understood and agreed between the parties hereto that the cost and charges above referred to shall be considered as rent due and shall be included in any lien for rent.

21. COST OF CONSTRUCTION

a. In the event Lessee requires improvements exceeding the tenant finish allowances (the allowance described on Exhibit "B" being hereinafter referred to as the "Tenant Allowances"), Lessee agrees to reimburse Lessor for the cost of same in accordance with the conditions of AIA Document A191 Standard Form of Agreement between Owner and Contractor, January, 1975 edition, where the basis of payment is the cost of the work plus a fee. It is understood that said fee shall be an amount equaling fifteen percent (15%) of the cost of that part of the Work which exceeds the Tenant Allowances.

b. Credits for any substitutions and deletions in the Work in the Premises retained by Lessor from General Contractor shall be credited by Lessor to Lessee provided that such alterations and additions are included in the Final Plans and have been approved by Lessor pursuant to Paragraph 1 above. In computing any such adjustment, the General Contractor shall not be required to include any adjustment for overhead or fee. All credits shall be approved by Lessor and Lessee before the Work is started. During construction of the Work, Lessor may, on or about the first day of each month, deliver to Lessee a statement showing all proper

03040951576

reimbursable costs chargeable in the prosecution of the Work, including without limitation, the cost of all materials to be incorporated into the Premises which are stored on the site, a fair and reasonable amount of fee and overhead, and any credits to be allowed to Lessor. Lessee shall pay to Lessor the amount specified in each such invoice within ten (10) days after receipt. Lessee's failure to make any such payment shall entitle Lessor, as an additional and cumulative remedy to any and all other remedies which Lessor may have for such failure, to discontinue the Work and to consider the period during which such failure continues to be Lessee's Delay. All amounts payable by Lessee to Lessor hereunder, including amount paid by Lessor in behalf of Lessee and reimbursable to Lessor, and whether specifically called rent or not, shall be deemed to be rent and in respect thereto Lessor shall have and enjoy all remedies provided under the laws of the State of Oklahoma and under this lease with respect to the collection of rent. All such amounts shall bear interest at the rate of eighteen percent (18%) per annum from the date of any delinquency in payment thereof to the date paid. Final payment by Lessee to Lessor shall be made prior to Lessee's occupancy of the Premises based upon a final statement delivered to Lessor by Lessor specifying the date of completion and amount of such final payment.

* Lessor will cause builder's risk completed value insurance to be affected and maintained during construction. In the case of any loss by casualty covered by said insurance, Lessor will cause its General Contractor to repair the damage to the extent of the full amount of such insurance recovery, less the reasonable costs of obtaining the same, without cost therefore to Lessee, and Lessor shall be entitled to retain all sums recovered or recoverable on account of said insurance.

32. COUNTERPARTS.

This Lease may be executed in one or more counterparts, each of which may be deemed an original.

Executed the day and year first above written.

ATTEST:

LESSEE:

Dukakis for President - Oklahoma Campaign

By Robert J. Brown
Operations Coordinator

WITNESSES:

LESSOR:

David Walters, Receiver Case #CJ 88-2914

By David Walters
Receiver

STATE OF OKLAHOMA }
COUNTY OF OKLAHOMA } ss.

The foregoing instrument was acknowledged before me this 13th day of April
19 88 by Robert J. Brown, Head of David Walters
Receiver

My commission expires:

5-20-1992

David Walters
Notary Public

STATE OF OKLAHOMA }
COUNTY OF OKLAHOMA } ss.

The foregoing instrument was acknowledged before me this ____ day of ____
19____ by _____

My commission expires:

GUARANTY

Notary Public

FOR VALUE RECEIVED, and in consideration of Lessor entering into the foregoing lease with Lessee the undersigned guarantees to the Lessor, its successors and assigns, the full performance and observance of all the covenants, conditions and agreements therein provided to be performed and observed by the Lessee. Notice of non-payment, non-performance or non-observance of any covenants, conditions or agreements by Lessee is hereby expressly waived by the undersigned. Failure of the Lessor to enforce its rights against the Lessee, or concessions made by the Lessor to the Lessee shall not affect the liability of the undersigned hereunder.

Signed this ____ day of _____, 19 ____

Guarantor

03040951577

RULES AND REGULATIONS

1. The sidewalks, entries, passages, court, corridors, stairways, and elevators shall not be obstructed by Lessees, their employees or agents, or used by them for other purposes than business and agree to and bear their respective suits.

All sales or other heavy articles shall be carried up or into the Premises only at such times and in such manner as shall be prescribed by the Lessor, and the Lessor shall in all cases have the right to specify the proper weight and position of any such sale or other heavy article. Any damage done to the Building by taking in or removing any article from overloading any floor in any way shall be paid by the Lessee. Defacing or injuring in any way any part of the Building by the Lessee, his agents or servants, shall be paid for by the Lessee.
2. No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the inside or outside of the Building, unless of such color, size and style, and in such place upon or in the Building, as shall be first designated by the Lessor. Directory in conspicuous places, with the names of the tenants, will be provided by the Lessor.

No show cases shall be placed in front of the Building or in the lobby or corridor, without written consent of the Lessor.

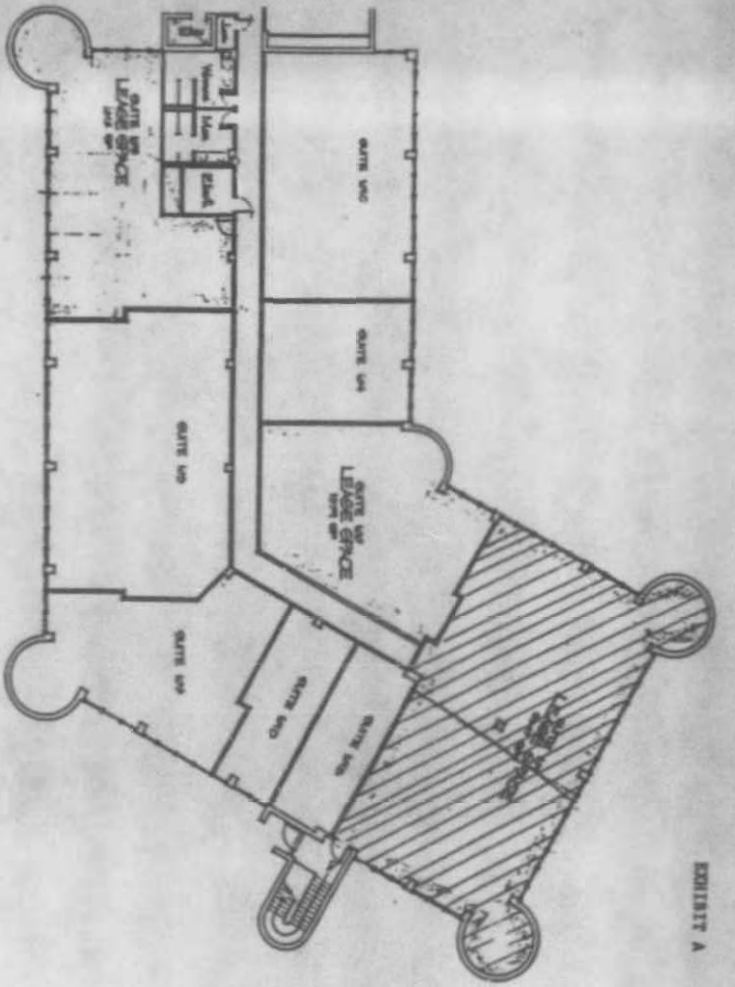
The Lessor reserves the right to remove all other signs and show cases, without notice to the Lessee, at the expense of the Lessee.
3. No Lessee shall do or permit anything to be done in the Premises, or bring or keep anything therein which will in any way increase the rate of fire insurance on the Building, or on property kept therein, or obstruct or interfere with the rights of other Lessees, or in any way injure or annoy them, or conflict with the laws relating to fire, safety, or with any regulations of the fire department, or with the insurance policy upon the Building or any part thereof, or conflict with any of the rules or ordinances of the Board of Health of Oklahoma City.
4. No Lessee shall employ any person or persons other than the janitor of the Lessor for the purpose of cleaning or taking charge of the Premises, without the written consent of the Lessor; it being understood and agreed that the Lessor shall be not be responsible to any Lessee for any loss of property from the Premises, however occurring, or for any damage done to the furniture by the janitor or his employees, or by any other person or persons whomsoever. Any person or persons employed by the Lessee, with the written consent of the Lessor, must be subject to and under the control and direction of the janitor of the Building, in all things, in the Building and outside of the Premises.

The janitor of the Building shall at all times keep a pass key, and he and other agents, of the Lessor shall at all times be allowed admittance to the Premises.
5. No additional locks shall be placed upon any doors without the written consent of the Lessor, nor shall any duplicate keys be made. All necessary keys shall be furnished by the Lessor, at the Lessee's expense, and the same shall be surrendered upon the termination of this Lease, and the Lessee shall then give to the Lessor or his agents explanation of the combination of all locks upon the doors of vaults.
6. The floors, skylights and windows that reflect or admit light into the corridors or passage-ways, or to any place in the Building shall not be covered or obstructed by any Lessee.
7. The water closets and other water fixtures shall not be used for any purpose other than those for which they were constructed, and any damage resulting to them from misuse, or the defacing or injury of any part of the Building shall be borne by the person who shall occasion it. No person shall waste water by interfering with the faucets or otherwise.
8. No person shall disturb the occupants of the Building by the use of any musical instruments, making unreasonably noises, or by interference in any way.

No smoking will be allowed in the elevators, nor the striking of matches on any part of the Building.

No dogs or other animals will be allowed in the Building.
9. No bicycles or similar vehicles will be allowed in the Building.
10. Nothing shall be thrown out of the windows of the Building, or down the stairways or other passages.
11. The Lessor shall not be liable for any damages from the stoppage of elevators for necessary or desirable repairs or improvements.
12. If any Lessee desires telegraphic, telephonic or other electric connections, the Lessor or his agents will direct the electricians as to where and how the wires may be introduced, and without such directions, no boring or cutting for wires will be permitted.
13. If Lessee desires shades they must be of such shape, color, material and make as shall be prescribed by the Lessor. The Lessor or his agents shall have the right to enter the Premises to examine the same or to make repairs, alterations or additions as the Lessor shall deem necessary for the safety, preservation or improvement of the Building; and the Lessor or his agents may show said Premises and may place on the windows or doors thereof, or upon the bulletin boards, a notice "To Rent," for 90 days prior to the expiration of this Lease.
14. Lessees, their employees, clerks or servants, shall not use the Premises for the purpose of lodging-rooms or for any immoral or unlawful purposes.
15. The Lessor reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be needful, for the safety, care and cleanliness of the Premises, and for the preservation of good order therein.
16. All glass, locks and trimmings, in or about the doors and windows, and all electric globes and shades, belonging to Lessor shall be kept whole, and whenever broken by any Lessee, shall be immediately replaced or repaired and put in order by such Lessee under the direction and to the satisfaction of the Lessor, and, on removal shall be left whole and in good repair.
17. The Lessee shall not be permitted to use or to keep in the Building any kerosene, camphene, burning fluid or other illuminating materials, except the gas and electricity in general use in the Building.

23040951578



EAST PORT PLAN-EAST

GENERAL VIEW

Allen Thayer Associates, Inc.

23040951579

0059

OFFICE OF
TOM PETUSKEY

Court Clerk

OKLAHOMA COUNTY

409 OKLAHOMA COUNTY OFFICE BUILDING

OKLAHOMA CITY, OKLAHOMA

73102

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
91 FEB 12 AM 9:36

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 FEB 12 PM 2:47

CHARLES W. HALL
CHIEF DEPUTY

February 7, 1991

Federal Election Commission
999 "E" Street, N.W.
Washington, D.C. 20463

ATTN: DODIE KENT

RE: CJ-88-2914

Dear Ms. Kent:

MUR 3143

Pursuant to your telephone request on this date, enclosed please find a certified copy of the Order Appointing Receiver in the above referenced case.

If we can be of further assistance, please do not hesitate to contact our office.

Very truly yours,

TOM PETUSKEY, COURT CLERK

BY: Cecilya Ramsey
DEPUTY

/cr
Enclosure

0051560403

IN THE DISTRICT COURT OF OKLAHOMA COUNTY, OKLA.
STATE OF OKLAHOMA

MAY 13 1988
Tom Petuskey, Court Clerk
By _____
DEPUTY

MUTUAL SECURITY LIFE INSURANCE
COMPANY, an Indiana
corporation,

Plaintiff,

-vs-

GSMI, INC., an Oklahoma
corporation,

Defendant.

Case No. CJ-88-2914

ORDER APPOINTING RECEIVER

This cause comes on for hearing before me the undersigned Judge of the District Court on the 9th day of May, 1988, upon the application of the plaintiff for appointment of a receiver. The plaintiff appears by its counsel, James R. Waldo of the firm Mock, Schwabe, Waldo, Elder, Reeves & Bryant, and the defendant appears by its counsel, John E. Sargent, Jr. of the firm McAfee & Taft.

Upon hearing the evidence presented and arguments of counsel and being fully advised, the Court finds that plaintiff's Application for Appointment of Receiver should be, and is hereby, granted, upon the terms and conditions hereinafter set forth:

IT IS THEREFORE ORDERED AND DECREED by the Court that David Walters (the "Receiver") is hereby appointed as receiver of and for the following described real property:

A part of the Northwest Quarter (NW¼) of the Southwest Quarter (SW¼) of Section 9, Township 12 North, Range 3 West of the Indian Meridian, in the City of Oklahoma City, Oklahoma County, Oklahoma, said part being more particularly described as follows:

Beginning at a point located South 00°09'50" West a distance of 185.52 feet and South 89°32'00" East a distance of 50.00 feet from the Northwest Corner of the said SW¼; thence from said POINT OF BEGINNING South 00°09'50" West a distance of 204.00 feet; thence South 89°50'10" East a distance of 40.00 feet; thence South 00°09'50" West a distance of 109.32 feet; thence North 70°29'59" East a distance of 119.31 feet; thence South 84°22'06" East a distance of 278.25 feet; thence North 45°05'29" East a distance of 278.01 feet; thence North 39°12'31" West a distance of 46.87 feet; thence North 59°50'10" West a distance of 94.00 feet;

MAY 16 1988

23040951531

thence North 63°50'10" West a distance of 105.36 feet; thence South 87°09'50" West a distance of 148.00 feet; thence North 00°09'50" East a distance of 21.00 feet; thence North 89°50'10" West a distance of 31.00 feet; thence South 00°09'50" West a distance of 40.00 feet; thence North 89°50'10" West a distance of 241.00 feet to the point of beginning, together with appurtenant non-exclusive perpetual easements for a roadway and for all forms of pedestrian and vehicular traffic granted in Book 4634 at Page 1520 and in Book 5163 at Page 1890, both of the records of Oklahoma County, Oklahoma.

(the "Project") and he is ordered to collect, hold, preserve and manage said assets and to protect the same under the orders of this Court. Said appointment is to become effective upon the Receiver's taking of his oath and upon the filing by the said Receiver of an undertaking in the sum of \$40,000.00 conditioned as provided by law.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

A. The Receiver is hereby ordered, authorized and directed to immediately take possession of the Project and premises, and the defendant is ordered and directed to deliver forthwith possession of the Project and premises to said Receiver and said Receiver is ordered and authorized to operate the same to the best advantage, and to collect and receive the income therefrom, from and after May 1, 1988, and to conduct such operations as are necessary to preserve and protect the Project. Out of said income, he is authorized to pay accumulated taxes on the Project and insurance premiums, defray the expenses of any repairs necessary to preserve the Project in good condition and to pay the reasonable and ordinary expenses associated with the operation of the Project as an office building.

The Receiver shall, each month during the pendency of this receivership, receive as a fee for his services the greater of: (a) \$1,000.00 per month; or (b) five percent (5%) of revenues collected that month; plus expenses (subject to the monetary limitation set forth in paragraph D hereof) which shall be paid as set forth more specifically in paragraph D hereof. All such fees and expenses shall be subject to review by the Court upon discharge of the receiver.

Upon prior approval of the Court in each instance, the Receiver shall also be entitled to receive a fee for appearances in court hearings and/or depositions in this litigation, or for time spent in preparation therefor, which compensation shall be at the rate of \$75.00 per hour, provided, however, that the Receiver shall not be entitled to any such fee for the initial appearance relating to the instant application and order. Additionally, the Receiver shall receive leasing commissions for the renewal or extension of existing leases covering any portion of the Project, which leases shall be approved by the Court, and for the procurement of new leases thereupon as follows:

- 6% for leases having terms of two years or less
- 5% for leases having terms of longer than two years
- 5% for renewal or expansion of existing leases
- 6% for co-brokered leases regardless of term (4% to the outside broker and 2% to the Receiver)

Lease commissions shall be paid one-half at signing and one-half at occupancy from available funds, otherwise they will be reimbursable expenses payable pursuant to paragraph D hereinbelow. The percentages referenced above shall refer to that percentage of the total rent reserved under the full primary term of any new lease or under the additional periods extended any lease renewal or expansion.

The Receiver shall be entitled to a 10% fee for the supervision and coordination of all tenant "finish out", remodeling and/or construction work incidental to new leases and to the renewal and/or expansion of existing leases, payable at the time such work is completed, provided existing funds are available.

The Receiver shall obtain hazard insurance for the Project and in the event continuation of the hazard insurance presently maintained by the defendant is deemed by the Receiver to be in the best interest of the Project, the Receiver shall reimburse the defendant on a monthly basis for insurance premiums previously prepaid by defendant.

B. The Receiver is hereby authorized and directed to prepare and file monthly reports with the Court,

summarizing the status of the Project and providing an accounting.

C. The Receiver shall be authorized to employ counsel, accountants and other professional consultants, including lease brokers, of his choice to represent him in all matters deemed necessary by the Receiver, which expenses, subject to approval by the Court, shall constitute a reimbursable expense of the Receiver (subject to the monetary limitation set forth in paragraph D hereof), and shall be paid as set forth more specifically in paragraph D hereof. The receiver shall be authorized to retain maintenance staff and issue necessary contracts for the care and upkeep of the Project, which expenses shall be borne by the receivership from the income from the Project. Where existing service contracts require thirty (30) days' notice (or less) to contractees in order to terminate said contracts without penalty to the defendant, the Receiver shall give such notice to the contractees. The Receiver's travel expenses shall also be reimbursable expenses (also subject to the provisions of paragraph D hereof).

D. In the event the income received from the Project is insufficient to continue operations of the Project, or to allow the Receiver to comply with the orders herein, or to pay the Receiver's fees and expenses authorized in paragraphs A, B and C hereof, then the Receiver is authorized, subject to application and approval by the Court in each instance, to obtain financing to (i) continue operating the Project as set forth in paragraph A hereof and (ii) pay the Receiver's fees and expenses set forth in paragraph A, B and C hereof. The Receiver shall issue Receiver's Certificates to the persons or entities from whom or which he obtains such financing, which Receiver's Certificates shall bear interest at the lowest rate which can be negotiated by the Receiver and which shall be deemed secured by a first lien on the Project. The Receiver's Certificates issued by the Receiver pursuant hereto shall become due and payable, and be paid in full, at the time of any cash sale of the Project.

whether at foreclosure sale or otherwise, but in no event later than twelve (12) months from the date of issuance of Receiver's Certificates. To the extent the Receiver does not receive payment of commissions and/or expenses authorized herein at the time such fees and expenses are payable, the Receiver shall be entitled to interest at the rate of 12% per annum which shall accrue as to all such fees and expenses until payment is ultimately received.

E. This appointment of the Receiver is conditioned upon the filing of a Receiver's Bond in the amount of \$40,000.00, the premium of which may be paid by the plaintiff and reimbursed by the Receiver from the first available funds.

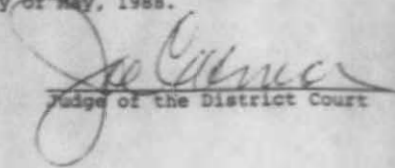
F. Nothing herein shall prevent the Receiver or any party from applying to this Court for such further orders as may be deemed necessary.

G. The Receiver shall be permitted to withdraw, and terminate his receivership, effective upon thirty (30) days prior written notice to the Court and all parties herein and upon hearing and approval by the Court.

H. The Court reserves the right to modify and supplement this Order from time to time as may be deemed necessary and advisable.

IT IS SO ORDERED.

Dated this 13TH day of May, 1988.


Judge of the District Court

APPROVED AS TO FORM:

MOCK, SCHWABE, WALDO, ELDER,
REEVES & BRYANT
A Professional Corporation

By: *James R. Waldo*
James R. Waldo - OBA #9278

Fifteenth Floor
One Leadership Square
211 North Robinson
Oklahoma City, Oklahoma 73102
Telephone: (405) 235-5500

ATTORNEYS FOR PLAINTIFF

McAFEE & TAFT

By: *John E. Sargent*
John E. Sargent, Jr.

Tenth Floor
Two Leadership Square
211 North Robinson
Oklahoma City, Oklahoma 73102
Telephone: (405) 235-9621

ATTORNEYS FOR DEFENDANT

I, TOM PETUSKEY, Court Clerk for Oklahoma County,
Oklahoma, hereby certify that the foregoing is a true
and correct copy of the original as filed in the
Court of Oklahoma County, Oklahoma, on the
day of February, 1991.
Tom Petuskey, Court Clerk

- 6 -

By: *Jane Sweeney* Deputy

03040951586

91 MAR 14 AM 10:19

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

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

MUR #3143
DATE COMPLAINT RECEIVED
BY OGC:
October 19, 1990
DATE OF NOTIFICATION TO
RESPONDENTS:
October 23, 1990
STAFF MEMBER:
Dodie C. Kent

COMPLAINANT: Oklahoma Republican Party

RESPONDENTS: Dukakis For President Committee, Inc. and
Robert A. Farmer, as treasurer

GSMI, Inc. (an Oklahoma corporation)

David Walters

RELEVANT STATUTES: 2 U.S.C. § 434(b)(2)
2 U.S.C. § 441b(a)

INTERNAL REPORTS CHECKED: None

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter was generated by a complaint filed by Clinton Key, on behalf of the Oklahoma Republican Party, alleging that the Dukakis For President Committee (the "Committee") and David Walters, previously chairman of Dukakis' presidential campaign effort in Oklahoma, violated the Federal Election Campaign Act of 1971, as amended (the "Act"). Attachment 1. The complaint alleges that the Committee unlawfully accepted and failed to disclose a prohibited in-kind corporate contribution in the form of discounted rent during 1988. The complaint

23040951587

further alleges that Walters, in his capacity as a trustee in bankruptcy for the corporate owner of the building, acted as the legal agent for the corporate lessor in procuring the lease.

The Office of the General Counsel notified both the Dukakis For President Committee and David Walters of the administrative complaint on October 23, 1990. After both respondents were granted extensions of time to answer, both replied through counsel. Attachments 2 and 3. Upon requesting and receiving a copy of the court order which established Walters' receivership, this Office learned that the owner of the building in question is GSKI, Inc.

II. FACTUAL AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office or for any corporate officer or director to consent to such a contribution or expenditure. For purposes of 2 U.S.C. § 441b(a), the term "contribution and expenditure" includes 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. See 2 U.S.C. § 441b(b)(2).

The term "anything of value" includes all in-kind contributions. 11 C.F.R. § 100.7(a)(1)(iii). 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 or services

23040951588

constitutes a contribution.¹ Id. "Goods or Services" include, but are not limited to: securities, facilities, equipment, supplies, personnel, advertising services, membership lists, and mailing lists. Id. Lastly, in accordance with 2 U.S.C. § 441b(a), it is unlawful for any political committee to knowingly accept any prohibited contribution(s).

23040951589

According to the complaint, the Dukakis For President Committee leased office space from GSMI, by and through the corporation's court-appointed receiver David Walters, at \$500 per month. This month-to-month lease commenced on August 1, 1988 and terminated on September 30, 1988. Relying on information contained in an article which appeared in an Oklahoma newspaper, the complaint alleges that Walters, chairman of the Dukakis presidential campaign effort in Oklahoma at the time, discounted the normal commercial rate for comparable space in the same building by approximately \$1,500 per month. Allegedly based on court records, the article revealed that Walters allowed the Dukakis campaign to pay \$1.79 per square foot for approximately 3,350 square feet of space in the One Western Plaza Building at 5500 N. Western in Oklahoma City. In contrast, the article alleged that Walters approved lease agreements with five (5) other new tenants during the six (6) months he served as receiver; all of these tenants were required

1. In this regard, if goods or services are provided at less than the usual and normal charge, the amount of the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contribution and the amount charged the political committee. 11 C.F.R. § 100.7(a)(1)(iii).

to pay at least \$8.00 per square foot. See Walters Discounted Office Rent For Dukakis Campaign, Oklahoman & Times, October 6, 1990 at p.1, col.1 (Attachment 1 at 4).

In response to these allegations, Walters admits that he charged the Committee \$500 per month for the office space in question.² Nevertheless, Walters maintains that he fulfilled his duty as a receiver, which was to "maximize revenue" for the property. See Attachment 3 at 2. In so doing, Walters contends that approximately 17.5% of the building in question was vacant at the time he leased the ground floor office space to the Dukakis committee. Id. Claiming that the office space was encumbered with floor fixtures for half partitions (used by the previous tenant), Walters contends that the Committee rented the space "as is" and the subsequent activity on the ground floor was advantageous for leasing the remaining vacancies in the building.³ Attachment 3 at 2, 3. Walters additionally notes that the space rented to the Dukakis presidential campaign remained vacant for approximately fifteen (15) months after the Committee's lease terminated. Furthermore, in order to induce the signing of a lease with the next tenant, which was for \$2,315 per month, improvements of approximately \$25,000 were

2. On November 1, 1990, Mr. R. Thomas Seymour called to request an extension and ask what evidence would be helpful to the Commission. This Office suggested that respondents submit information regarding what other lessees in the building were paying in rent. Nevertheless, neither Seymour's letter nor Walters' attached affidavit make any mention of the rents charged elsewhere in the building.

3. The building remained approximately 11% vacant, following the lease to the Dukakis Committee.

23040951590

necessary, as well as three (3) months free rent. Attachment 3 at 3.⁴ Furthermore, Walters points to the fact that neither the court nor the mortgage holder made any objection to his stewardship as receiver in charge of the building.

The response filed by counsel for the Dukakis For President Committee mirrors Walters' response. In claiming that the rent charged was commercially reasonable, the response notes the brief duration of the Dukakis lease, the fact that the Committee took the premises on an "as is" basis even though they deemed the space "unattractive", and the lengthy vacancy following the termination of the Dukakis lease,⁵ together with the substantial improvements fashioned for the new tenant. Attachment 2 at 1.

In prior matters, the Commission has considered various factors to determine whether the rental rate charged a political committee is the usual and normal charge. Such factors include: (1) whether the tenant was given any months rental-free, (2) whether improvements, if any, were paid for by the landlord or the tenant, (3) the length of the lease, and (4) whether broker's fees were involved. See MUR 3000, In the Matter of the Mallick Co. Thus, in determining whether the usual and normal rent has been charged a political committee, a comparison of the

4. Although it appears from Walters response that GSMI expended the money for the improvements, precisely what transpired is not entirely clear. The new tenant may have funded the improvements, with Walters' permission, in lieu of higher rental payments.

5. Although the Committee contends that the space remained vacant for over two (2) years, Walters maintains that a new tenant was procured approximately fifteen (15) months after the Dukakis Committee vacated the premises. See Attachment 3 at 2.

23040951591

face rental value of each tenant's lease in the same or a similar building can not be the end of one's analysis. Each rental must also be viewed in light of the aforementioned factors.

In this regard, the circumstances asserted by both respondents allegedly requiring a drastic rental discount are not entirely convincing. Initially, David Walters, the party who arranged and approved the Committee's lease, was himself the Committee chairperson for Oklahoma. Furthermore, the assertion that Walters executed at least five (5) leases in the same building and around the same time as the Committee's lease for \$6.52 to \$13.25 per square foot, while the Committee was paying \$1.79 per square foot, is not easily explained by an "unattractive" office space, the need to rent the ground floor, and an "as is" lease (as most leases are). The large disparity between the rental charged the Committee and that charged the subsequent tenant (approximately \$2,000) also remains questionable, regardless of the improvements made to accommodate the new tenant. Finally, the amount of time the office space in question remained vacant (fifteen (15) months) must be viewed in light of the rental market at the time and whether David Walters aggressively or even routinely sought a new tenant. At a minimum, there are simply too many unresolved questions to wholly accept respondents' explanations.

Based on the foregoing, this Office recommends that the Commission find reason to believe that GSMI violated 2 U.S.C. § 441b(a) by making a prohibited in-kind corporate contribution

23040951592

to the Dukakis For President Committee. Considering that the present tenant is paying nearly \$2,000 more in rent per month, the extent of this prohibited contribution could be at least \$3,600.⁶ This Office further recommends that the Commission find reason to believe that the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a prohibited in-kind campaign contribution.⁷

In prohibiting corporate contributions and expenditures, the Act imposes liability on both the corporate officers and on the corporation itself. See 2 U.S.C. § 441b(a). The Act acknowledges the fact that a corporation can only act through its officers and other agents and that these actions can be imputed to the corporation itself.

David Walters was the court-appointed Receiver for GSMI. See Attachment 4. As such, Walters was charged with collecting, holding, preserving and managing the Western Plaza Building in Oklahoma City, Oklahoma to the best advantage of the same. In this regard, Walters was responsible for collecting rental income, paying taxes, procuring insurance, paying expenses,

6. This amount reflects the difference between the rent per month presently paid for the office space in question (\$2,315) and the rent paid per month by the Dukakis Committee (\$500) for two (2) months.

7. Although the complaint alleged a reporting violation in regard to this prohibited in-kind campaign contribution, this Office is only recommending a reason to believe finding regarding the 2 U.S.C. § 441b(a) violation because the alleged reporting violation is subsumed by the prohibited nature of the contribution in question. This decision is based on the approach the Commission has taken to prohibited contributions in the past.

23040951593

making repairs and executing leases. In compensation for these services, Walters received the greater of (a) \$1,000 per month or (b) five (5%) of revenues collected that month.

Additionally, Walters received leasing commissions for the renewal or extension of any existing leases in the building and a 10% fee for overseeing the remodeling/construction work incidental to new leases. Walters appointment as Receiver became effective upon Walters' posting of a \$40,000 bond.

Therefore, since Walters' duties and obligations as Receiver for GSMI were analagous to those of a corporate officer or director, this Office further recommends that the Commission find reason to believe that Walters' violated 2 U.S.C. § 441b(a) by consenting to said prohibited in-kind contribution by GSMI.

III. PROPOSED DISCOVERY

If the Commission finds reason to believe, this Office would request documents pertaining to the Committee's leasing of the office space at One Western Plaza, together with all records of rental payments. We would further request records of all marketing efforts made by Mr. Walters in attempts to rent the office space in question, both before and after the Dukakis Committee's occupancy. Furthermore, we would also request documentation of the precise arrangement between Mr. Walters and the tenant who proceeded the Dukakis Committee, i.e. the nature of the improvements made on the tenancy, and who funded said improvements. Lastly we would request copies of all other leases pertaining to the building that were in force at the same

23040951594

time as the Dukakis Committee's lease, together with all leases executed by Walters as Receiver.

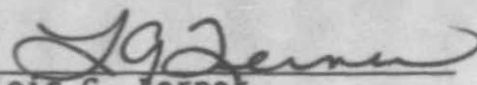
IV. RECOMMENDATIONS

1. Find reason to believe that GSNI, Inc. violated 2 U.S.C. § 441b(a).
2. Find reason to believe that the Dukakis For President Campaign Committee violated 2 U.S.C. § 434(b)(2)(A) and § 441b(a).
3. Find reason to believe that David Walters violated 2 U.S.C. § 441b(a).
4. Approve the appropriate letters and the attached Factual and Legal Analyses.

Lawrence M. Noble
General Counsel

3-13-91
Date

BY:


Lois G. Kerner
Associate General Counsel

Attachments

1. Oklahoma Republican Party's Complaint
2. Dukakis For President's Response
3. David Walters Response
4. Court Order, dated May 14, 1988
5. Factual and Legal Analyses (3)

23040951595



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS / DONNA ROACH *PR*
COMMISSION SECRETARY

DATE: MARCH 18, 1991

SUBJECT: MUR 3143 - FIRST GENERAL COUNSEL'S REPORT
DATED MARCH 13, 1991

The above-captioned document was circulated to the
Commission on THURSDAY, MARCH 14, 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	XXXX
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Thomas	XXXX

This matter will be placed on the meeting agenda
for TUESDAY, MARCH 26, 1991.

Please notify us who will represent your Division before the
Commission on this matter.

73040951596

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3143
Dukakis For President Committee, Inc.)
and Robert A. Farmer, as treasurer;)
GSMI, Inc. (an Oklahoma corporation);)
David Walters.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that the Commission took the following actions in MUR 3143 at its executive session on March 26, 1991:

1. Decided by a vote of 4-1 to
 - a) Find reason to believe that GSMI, Inc. violated 2 U.S.C. § 441b(a).
 - b) Find reason to believe that the Dukakis For President Campaign Committee violated 2 U.S.C. § 434(b)(2)(A) and § 441b(a).
 - c) Take no action at this time with respect to recommendation 3 in the General Counsel's report dated March 13, 1991.

Commissioners Aikens, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Josefiak dissented; Commissioner Elliott was not present.

(continued)

23040951597

2. Decided by a vote of 5-0 to reconsider the previous action taken.

Commissioners Aikens, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for reconsideration; Commissioner Elliott was not present.

3. Decided by a vote of 4-1 to

- a) Find reason to believe that GSMI, Inc. violated 2 U.S.C. § 441b(a).
- b) Find reason to believe that the Dukakis For President Campaign Committee violated 2 U.S.C. § 441b(a).
- c) Take no action at this time with respect to recommendation 3 in the General Counsel's report dated March 13, 1991.
- d) Direct the Office of General Counsel to send appropriate letters and Factual and Legal Analyses based on these actions and the Commission discussion of this date.

Commissioners Aikens, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Josefiak dissented. Commissioner Elliott was not present.

Attest:

4-8-91

Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

93040951598

91 MAY -8 AM 11:54

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Dukakis For President Committee and) MUR 3143
Robert A. Farmer, as treasurer)
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 26, 1991, the Commission found reason to believe that the Dukakis For President Committee violated 2 U.S.C. § 441b(a).¹ This Office's report in that matter inadvertently failed to recommend that the Commission find reason to believe that Robert A. Farmer, as treasurer of the Dukakis For President Committee, also violated 2 U.S.C. § 441b(a). Although the omission of the treasurer from the recommendation was noted during the Commission meeting, the final motion apparently failed to correct the oversight.²

Therefore, for the reasons stated in the First General Counsel's Report dated March 13, 1991, this Office recommends that Robert A. Farmer, as treasurer of the Dukakis For President Committee, violated 2 U.S.C. § 441b(a) by accepting

1. The Commission additionally found reason to believe that GSMI, Inc. violated 2 U.S.C. § 441b(a) but decided to take no action at that time with respect to David Walters.

2. This Office received the certification in this matter on April 10, 1991. In finalizing the appropriate letters, we discovered the treasurer was not included and informed Docket. Docket, in turn, contacted the Commission Secretary's Office. After reviewing the audio tape of the March 26, 1991 meeting, the Commission Secretary informed us on April 22, 1991 that the motion did not include the treasurer.

23040951599

prohibited corporate contributions in the form of discounted rent. Although the Commission previously approved the attached Factual and Legal Analysis with respect to the Dukakis For President Committee, this Office recommends that the Commission presently approve the attached Factual and Legal Analysis with respect to Robert A. Farmer.

II. RECOMMENDATIONS


1. Find reason to believe that Robert A. Farmer, as treasurer of the Dukakis For President Committee, violated 2 U.S.C. § 441b(a).
2. Approve the appropriate letter and the attached Factual and Legal Analysis with respect to Robert A. Farmer.

Lawrence M. Noble
General Counsel

Date

5/7/91

BY:


Lois G. Lerner
Associate General Counsel

Attachments

1. Factual and Legal Analysis

23040951600

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Dukakis for President Committee)
and Robert A. Farmer, as)
treasurer.)

MUR 3143

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 10, 1991, the Commission decided by a vote of 6-0 to take the following actions in MUR 3143:

1. Find reason to believe that Robert A. Farmer, as treasurer of the Dukakis For President Committee, violated 2 U.S.C. § 441b(a).
2. Approve the appropriate letter and the Factual and Legal Analysis with respect to Robert A. Farmer, as recommended in the General Counsel's Report dated May 7, 1991.

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

Attest:

5-13-91
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Wed., May 8, 1991 11:54 a.m.
Circulated to the Commission: Wed., May 8, 1991 4:00 p.m.
Deadline for vote: Fri., May 10, 1991 4:00 p.m.

dr

23040951601



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 20, 1991

GSMI, Inc.
David Walters, Receiver
3825 No. McKinley
Oklahoma City, OK 73118

RE: MUR 3143

Dear Mr. Walters:

On October 23, 1990, the Federal Election Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information provided by you, the Commission, on March 26, 1990, found reason to believe that GSKI, Inc. violated 2 U.S.C. § 441b(a), a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information. Attached you will also find questions and document requests which require responses within 15 days of receipt of this letter.

Under the Act, you have an opportunity to demonstrate that no action should be taken against GSKI, 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, along with answers to the enclosed questions and the requested documents, within 15 days of 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 GSKI, Inc., the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

23040951602

23040951603

GSMI, Inc.
MUR 3143
Page Two

If you are interested in pursuing pre-probable cause conciliation on behalf of GSMI, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

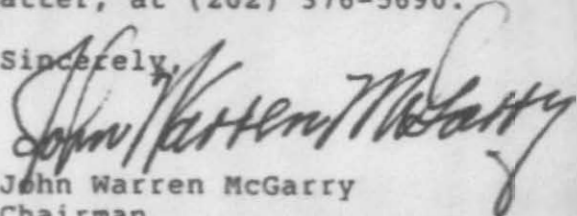
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If GSMI, Inc. will 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 matter to be made public.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,


John Warren McGarry
Chairman

Enclosures
Questions
Designation of Counsel Form
Factual & Legal Analysis

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) MUR 3143
)

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: GSMI. Inc.
David Walters, Receiver
3825 North McKinley
Oklahoma City, OK 73118

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

INSTRUCTIONS

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

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

33040951604

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

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

The discovery request refers to the time period stated.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

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

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

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

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets,

23040951605

reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

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

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

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

23040951606

QUESTIONS AND DOCUMENT REQUESTS

1. State the name of the corporation which owns the real estate located at 5500 North Western, Oklahoma City, Oklahoma and the name(s) of the individual(s) who owns said corporation.

2. State whether the owner of the building located at 5500 North Western, Oklahoma City, Oklahoma owns any other commercial properties in Oklahoma City.

(a) If so, state the average rate charged per square foot in those buildings during 1988 and provide documentation of the same.

3. In regard to the tenant who proceeded the Dukakis Committee, state who funded the \$25,188 tenant improvements mentioned in your response?

4. Produce all documents which in any way relate or refer to the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma by David Walters, as Receiver, to the Dukakis For President Committee.

5. Produce all documents which in any way relate or refer to any other agreements or understandings made between the Dukakis For President Committee and David Walters, as Receiver, concerning the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

6. State how long the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma was vacant prior to the Dukakis For President Committee tenancy.

7. In regard to the Dukakis For President Committee lease, was a real estate broker used?

8. In regard to the Dukakis For President Committee lease, state whether the District Court of Oklahoma County was requested to approve the lease agreement. If so, provide all documents which in any way relate or refer to such approval.

9. Supply all other leases and any terms not contained in those leases for rentals located at 5500 North Western, Oklahoma City, Oklahoma during David Walters' tenure as Receiver for GSMI, Inc.

(a) State whether these leases were procured with or without the intervention of a real estate broker.

(b) State whether these tenants were provided any months free of rent.

93040951607

(c) State whether any improvements were made on these tenancies to induce the signing of each respective lease; and, if so, state who funded said improvements.

10. State what actions were taken by David Walters, as Receiver, to procure a new tenant following the Dukakis For President Committee tenancy.

11. Produce all documents which in any way relate or refer to the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma by David Walters, as Receiver, to the tenant who followed the Dukakis For President Committee ("Tenant Unknown").

23040951608

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: GSMI, Inc.

MUR: 3143

23040951609

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office or for any corporate officer or director to consent to such a contribution or expenditure. For purposes of 2 U.S.C. § 441b(a), the term "contribution and expenditure" includes 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. See 2 U.S.C. § 441b(b)(2).

The term "anything of value" includes all in-kind contributions. 11 C.F.R. § 100.7(a)(1)(iii). 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 or services constitutes a contribution.¹ Id. "Goods or Services" include, but are not limited to: securities, facilities, equipment, supplies, personnel, advertising

1. In this regard, if goods or services are provided at less than the usual and normal charge, the amount of the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contribution and the amount charged the political committee. 11 C.F.R. § 100.7(a)(1)(iii).

services, membership lists, and mailing lists. Id. Lastly, in accordance with 2 U.S.C. § 441b(a), it is unlawful for any political committee to knowingly accept any prohibited contribution(s).

According to the complaint, the Dukakis For President Committee leased office space from GSMI, Inc., by and through the corporation's court-appointed receiver David Walters at \$500 per month. This month-to-month lease commenced on July 12, 1988 and terminated on September 30, 1988. Relying on information contained in an article which appeared in an Oklahoma newspaper, the complaint alleges that Walters, chairman of the Dukakis presidential campaign effort in Oklahoma at the time, discounted the normal commercial rate for comparable space in the same building by approximately \$1,500 per month. Allegedly based on court records, the article revealed that Walters allowed the Dukakis campaign to pay \$1.79 per square foot for approximately 3,350 square feet of space in the One Western Plaza Building at 5500 N. Western in Oklahoma City. In contrast, the article alleged that Walters approved lease agreements with five (5) other new tenants during the six (6) months he served as receiver; all of these tenants were required to pay at least \$8.00 per square foot. See Walters Discounted Office Rent For Dukakis Campaign, Oklahoman & Times, October 6, 1990 at p.1, col.1.

In response to these allegations, Walters admits that he charged the Committee \$500 per month for the office space in question. Nevertheless, Walters maintains that he fulfilled

23040951610

his duty as a receiver, which was to "maximize revenue" for the property. In so doing, Walters contends that approximately 17.5% of the building in question was vacant at the time he leased the ground floor office space to the Dukakis committee. Id. Claiming that the office space was encumbered with floor fixtures for half partitions (used by the previous tenant), Walters contends that the Committee rented the space "as is" and the subsequent activity on the ground floor was advantageous for leasing the remaining vacancies in the building.² Walters additionally notes that the space rented to the Dukakis presidential campaign remained vacant for approximately fifteen (15) months after the Committee's lease terminated. Furthermore, in order to induce the signing of a lease with the next tenant, which was for \$2,315 per month, improvements of approximately \$25,000 were necessary, as well as three (3) months free rent.³ Furthermore, Walters points to the fact that neither the court nor the mortgage holder made any objection to his stewardship as receiver in charge of the building.

The response filed by counsel for the Dukakis For President Committee mirrors Walters' response. In claiming that the rent charged was commercially reasonable, the

2. The building remained approximately 11% vacant, following the lease to the Dukakis Committee.

3. Although it appears from Walters response that it was the corporate lessor who expended the money for the improvements, precisely what transpired is not entirely clear. The new tenant may have funded the improvements, with Walters' permission, in lieu of higher rental payments.

response notes the brief duration of the Dukakis lease, the fact that the Committee took the premises on an "as is" basis even though they deemed the space "unattractive", and the lengthy vacancy following the termination of the Dukakis lease,⁴ together with the substantial improvements fashioned for the new tenant.

In prior matters, the Commission has considered various factors to determine whether the rental rate charged a political committee is the usual and normal charge. Such factors include: (1) whether the tenant was given any months rental-free, (2) whether improvements, if any, were paid for by the landlord or the tenant, (3) the length of the lease, and (4) whether broker's fees were involved. See MUR 3000, In the Matter of the Mallick Co. Thus, in determining whether the usual and normal rent has been charged a political committee, a comparison of the face rental value of each tenant's lease in the same or a similar building can not be the end of one's analysis. Each rental must also be viewed in light of the aforementioned factors.

In this regard, the circumstances asserted by both respondents allegedly requiring a drastic rental discount are not entirely convincing. Initially, David Walters, the party who arranged and approved the Committee's lease, was himself the Committee chairperson for Oklahoma. Furthermore, the

4. Although the Committee contends that the space remained vacant for over two (2) years, Walters maintains that a new tenant was procured approximately fifteen (15) months after the Dukakis Committee vacated the premises.

3040951612

23040951613

assertion that Walters executed at least five (5) leases in the same building and around the same time as the Committee's lease for \$6.52 to \$13.25 per square foot, while the Committee was paying \$1.79 per square foot, is not easily explained by an "unattractive" office space, the need to rent the ground floor, and an "as is" lease (as most leases are). The large disparity between the rental charged the Committee and that charged the subsequent tenant (approximately \$2,000) also remains questionable, regardless of the improvements made to accommodate the new tenant. Finally, the amount of time the office space in question remained vacant (fifteen (15) months) must be viewed in light of the rental market at the time and whether David Walters aggressively or even routinely sought a new tenant. At a minimum, there are simply too many unresolved questions to wholly accept respondents' explanations.

Therefore, there is reason to believe that GSMI, Inc. violated 2 U.S.C. § 441b(a) by making a prohibited in-kind corporate contribution to the Dukakis For President Committee. Considering that the present tenant is paying nearly \$2,000 more in rent per month, the extent of this prohibited contribution could be at least \$3,600.⁵

5. This amount reflects the difference between the rent per month presently paid for the office space in question (\$2,315) and the rent paid per month by the Dukakis Committee (\$500) for two (2) months.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 20, 1991

Carol C. Darr, Esq.
2123 R Street, N.W.
Washington, D.C. 20008

RE: MUR 3143

Dear Ms. Darr:

On October 23, 1990, the Federal Election Commission notified your clients, the Dukakis For President Committee and Robert A. Farmer, as treasurer (the "Committee"), of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on March 26, 1991, found that there is reason to believe the Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b(a), a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information. Attached you will also find questions and document requests which require a response within 15 days of receipt of this letter.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Committee and Robert A. Farmer, 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, along with answers to the enclosed questions, within 15 days of 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 Mr. Farmer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

93040951614

Dukakis For President Committee
Robert A. Farmer, Treasurer
Page Two

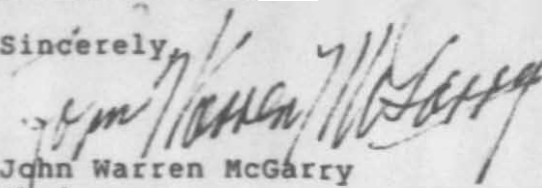
If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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

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 matter to be made public.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,


John Warren McGarry
Chairman

Enclosures
Questions
Factual & Legal Analysis

23040951615

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) MUR 3143
)

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: Dukakis For President Committee
and Robert A. Farmer, as treasurer
c/o Carol C. Darr, Esq.
2123 R Street, N.W.
Washington D.C. 20464

23040951616
In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

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

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

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

The discovery request refers to the time period stated.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

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

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

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

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets,

23040951617

reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

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

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

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

93040951618

QUESTIONS AND DOCUMENT REQUESTS

1. Produce all documents which in any way relate or refer to the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma by David Walters, as Receiver, to the Dukakis For President Committee.

2. Produce all documents which in any way relate or refer to any other agreements or understandings made between the Dukakis For President Committee and David Walters concerning the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

3. State how you became aware of the availability of office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

4. State who acted as your Committee's representative(s) in negotiating the lease for the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

5. State if the above representative(s) considered and/or priced any other office space rentals in Oklahoma City before executing the lease for the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

(a) If so, state what factors were relevant in the decision to lease the office space located at the Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma as opposed to another office space.

(b) If not, state why not.

23040951619

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Dukakis For President Committee, Inc. MUR: 3143
and Robert A. Farmer, as treasurer

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office or for any corporate officer or director to consent to such a contribution or expenditure. For purposes of 2 U.S.C. § 441b(a), the term "contribution and expenditure" includes 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. See 2 U.S.C. § 441b(b)(2).

The term "anything of value" includes all in-kind contributions. 11 C.F.R. § 100.7(a)(1)(iii). 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 or services constitutes a contribution.¹ Id. "Goods or Services" include, but are not limited to: securities, facilities, equipment, supplies, personnel, advertising services, membership lists, and mailing lists. Id. Lastly,

1. In this regard, if goods or services are provided at less than the usual and normal charge, the amount of the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contribution and the amount charged the political committee. 11 C.F.R. § 100.7(a)(1)(iii).

in accordance with 2 U.S.C. § 441b(a), it is unlawful for any political committee to knowingly accept any prohibited contribution(s).

According to the complaint, the Dukakis For President Committee leased office space from GSMI, Inc., by and through the corporation's court-appointed receiver David Walters at \$500 per month. This month-to-month lease commenced on July 12, 1988 and terminated on September 30, 1988. Relying on information contained in an article which appeared in an Oklahoma newspaper, the complaint alleges that Walters, chairman of the Dukakis presidential campaign effort in Oklahoma at the time, discounted the normal commercial rate for comparable space in the same building by approximately \$1,500 per month. Allegedly based on court records, the article revealed that Walters allowed the Dukakis campaign to pay \$1.79 per square foot for approximately 3,350 square feet of space in the One Western Plaza Building at 5500 N. Western in Oklahoma City. In contrast, the article alleged that Walters approved lease agreements with five (5) other new tenants during the six (6) months he served as receiver; all of these tenants were required to pay at least \$8.00 per square foot. See Walters Discounted Office Rent For Dukakis Campaign, Oklahoman & Times, October 6, 1990 at p.1, col.1.

In response to these allegations, Walters admits that he charged the Committee \$500 per month for the office space in question. Nevertheless, Walters maintains that he fulfilled his duty as a receiver, which was to "maximize revenue" for

23040951621

the property. In so doing, Walters contends that approximately 17.5% of the building in question was vacant at the time he leased the ground floor office space to the Dukakis committee. Id. Claiming that the office space was encumbered with floor fixtures for half partitions (used by the previous tenant), Walters contends that the Committee rented the space "as is" and the subsequent activity on the ground floor was advantageous for leasing the remaining vacancies in the building.² Walters additionally notes that the space rented to the Dukakis presidential campaign remained vacant for approximately fifteen (15) months after the Committee's lease terminated. Furthermore, in order to induce the signing of a lease with the next tenant, which was for \$2,315 per month, improvements of approximately \$25,000 were necessary, as well as three (3) months free rent.³ Furthermore, Walters points to the fact that neither the court nor the mortgage holder made any objection to his stewardship as receiver in charge of the building.

The response filed by counsel for the Dukakis For President Committee mirrors Walters' response. In claiming that the rent charged was commercially reasonable, the response notes the brief duration of the Dukakis lease, the

2. The building remained approximately 11% vacant, following the lease to the Dukakis Committee.

3. Although it appears from Walters response that it was the corporate lessor who expended the money for the improvements, precisely what transpired is not entirely clear. The new tenant may have funded the improvements, with Walters' permission, in lieu of higher rental payments.

93040951622

fact that the Committee took the premises on an "as is" basis even though they deemed the space "unattractive", and the lengthy vacancy following the termination of the Dukakis lease,⁴ together with the substantial improvements fashioned for the new tenant.

23040951623
In prior matters, the Commission has considered various factors to determine whether the rental rate charged a political committee is the usual and normal charge. Such factors include: (1) whether the tenant was given any months rental-free, (2) whether improvements, if any, were paid for by the landlord or the tenant, (3) the length of the lease, and (4) whether broker's fees were involved. See MUR 3000, In the Matter of the Mallick Co. Thus, in determining whether the usual and normal rent has been charged a political committee, a comparison of the face rental value of each tenant's lease in the same or a similar building can not be the end of one's analysis. Each rental must also be viewed in light of the aforementioned factors.

In this regard, the circumstances asserted by both respondents allegedly requiring a drastic rental discount are not entirely convincing. Initially, David Walters, the party who arranged and approved the Committee's lease, was himself the Committee chairperson for Oklahoma. Furthermore, the assertion that Walters executed at least five (5) leases in

4. Although the Committee contends that the space remained vacant for over two (2) years, Walters maintains that a new tenant was procured approximately fifteen (15) months after the Dukakis Committee vacated the premises.

the same building and around the same time as the Committee's lease for \$6.52 to \$13.25 per square foot, while the Committee was paying \$1.79 per square foot, is not easily explained by an "unattractive" office space, the need to rent the ground floor, and an "as is" lease (as most leases are). The large disparity between the rental charged the Committee and that charged the subsequent tenant (approximately \$2,000) also remains questionable, regardless of the improvements made to accommodate the new tenant. Finally, the amount of time the office space in question remained vacant (fifteen (15) months) must be viewed in light of the rental market at the time and whether David Walters aggressively or even routinely sought a new tenant. At a minimum, there are simply too many unresolved questions to wholly accept respondents' explanations.

Therefore, there is reason to believe that the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a prohibited in-kind campaign contribution.⁵ Considering that the present tenant is paying nearly \$2,000 more in rent per month, the extent of

5. Although the complaint alleged a reporting violation in regard to this prohibited in-kind campaign contribution, this Office is only recommending a reason to believe finding regarding the 2 U.S.C. § 441b(a) violation because the alleged reporting violation is subsumed by the prohibited nature of the contribution in question. This decision is based on the approach the Commission has taken to prohibited contributions in the past.

23040951624

this prohibited contribution could be at least \$3,600.⁶

93040951625

6. This amount reflects the difference between the rent per month presently paid for the office space in question (\$2,315) and the rent paid per month by the Dukakis Committee (\$500) for two (2) months.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 20, 1991

R. Thomas Seymour, Attorney
Mid-Continent Tower, Suite 230
Tulsa, Oklahoma 74103

RE: MUR 3143
David Walters

Dear Mr. Seymour:

On October 23, 1990, the Federal Election Commission notified your client, David Walters, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

On March 26, 1990, the Commission determined, on the basis of the information in the complaint and information provided by you and your client, to take no further action against David Walters, as Receiver, at this time. Nevertheless, the file with regard to David Walters remains open. You will be notified in writing when the Commission takes further action in this matter regarding your client.

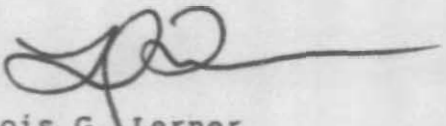
The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter is closed. You will be notified in writing when the Commission takes further action in this matter. In the event you wish to waive confidentiality under 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.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Assistant General Counsel

23040951626

06-C 1347

R. THOMAS SEYMOUR

ATTORNEY

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 MAY 27 AM 9:55

AREA CODE 918
583-8791

May 23, 1991

Chair and Members
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Commissioners:

We represent Governor David Walters in MUR 3143. We are receipt of a letter dated May 20, 1991 concerning action taken by the Commission March 26, 1991. Needless to say, we are puzzled that the Commission has voted to take no action, but the file remains open. It has been seven months since a political complaint was filed, just before an election, in an effort to stem the tide of what turned out to be a lopsided landslide.

With each passing day, the Governor has to live with this cloud, and with the stated and unstated question: if you are innocent, why is the FEC still considering the matter. As you know, in politics, silence on that subject is deadly.

In all fairness to this sitting Governor, who faces large problems with a statewide faltering economy, this matter needs speedy resolution. While justice delayed is justice denied, generally, under the circumstances the harm is magnified.

If the matter could be considered with all deliberate speed, the people of the State of Oklahoma would be benefited, and a fine public servant would have his difficult tasks eased.

Sincerely yours,

R. Thomas Seymour

R. Thomas Seymour

RTS:mlc

walters.15

91 MAY 29 AM 11:29

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

72915604056

06C 1448

Dukakis for President Committee, Inc.
2123 R Street, N.W.
Washington, D.C. 20008

June 5, 1991

Dodie Kent, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3143

Dear Ms. Kent:

This response is made on behalf of the Dukakis for President Committee, Inc. (the "Committee"), to the questions and request for documents made by the Federal Election Commission. This information has been requested in connection with the Commission's finding of "reason to believe" that the Committee may have failed to pay a commercially reasonable price for the office space rented in Oklahoma City, Oklahoma.

The rental of this office space was handled entirely by David Walters, who served as the director of the Oklahoma campaign. As stated in the Committee's initial response, the relevant documents are in his possession. I understand from Mr. Walter's attorney, Thomas Seymour, that the Commission has made a direct request for information from him and that they will respond.

Mr. Seymour has also explained to me that Mr. Walters rented the space to the Committee in his capacity as Receiver for the specific piece of property known as the One Western Plaza Building which is located at 5500 N. Western Street, Oklahoma City, Oklahoma. He was appointed Receiver by the District Court of Oklahoma County in Case No. C.J.- 88-2914, and was required to post a \$40,000 bond to insure the proper performance of his duties.

According to Mr. Seymour, in November, 1988, Mr. Walters filed a final report regarding the property with the District Court. The Court accepted his report and discharged him as having properly fulfilled the his duties as the independent Receiver for the specific assets placed in his care, custody, and control. His bond was released.

The District Court of Oklahoma, having jurisdiction over the property, found that Mr. Walters fulfilled his duties to maximize the income from the property. The Commission should not seek to substitute its judgment for that of the Court, which reviewed the financial transactions in detail.

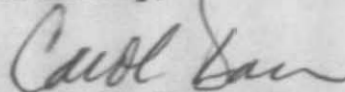
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JUN -6 PM 3:15

8
2
3
0
4
0
9
5
1
6
2
8

Page 2
June 5, 1991

The Committee's responses to the specific questions are attached, as are copies of all documents in the Committee's possession with respect to either Mr. Walters or the property.

Sincerely,



Carol C. Darr, Esq.
Counsel for the Committee

Attachments

23040951629

RESPONSE OF
THE DUKAKIS FOR PRESIDENT COMMITTEE
TO
QUESTIONS POSED BY THE FEDERAL ELECTION COMMISSION
IN CONNECTION WITH MUR 3143

Question 1. Produce all documents which in any way relate or refer to the leasing of office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma by David Walters, as Receiver, to the Dukakis for President Committee.

Answer 1. The Committee has searched its files and all documents which in any way relate either to David Walters or to the leasing of the property are attached.

Question 2. Produce all documents which in any way relate or refer to any other agreements or understandings made between the Dukakis for President Committee and David Walters concerning the leasing of office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

Answer 2. See Answer 1.

Question 3. State how you became aware of the availability of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

Answer 3. The leasing of the space was handled entirely by Mr. Walters. The Committee has no other details in its possession.

Question 4. State who acted as your Committee's representative(s) in negotiating the lease for the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

Answer 4. David Walters acted as the Committee's representative.

Question 5. State if the above representative(s) considered and/or priced any other office space rentals in Oklahoma City before executing the lease for office space located at One Western Plaza Building, Oklahoma City, Oklahoma.

Answer 5. The Committee is unaware whether Mr. Walters considered and/or priced any other office space. The Committee notes that he was under no obligation to do so. His only obligation to this Committee regarding the leasing was to find office space at a commercially reasonable cost.

Also see receipts

On Invoice

DUKAKIS FOR PRESIDENT

Draft Coding/Entry Form

20847

VENDOR: The Walters Co.

VENDOR #: 6787

ADDRESS:

P.O. #: 3451

PURPOSE:

reimb. travel, office expenses

<u>DRAFT #</u>	<u>AMOUNT</u>	<u>INVOICE #</u>	<u>DATE NEGOT'D</u>	<u>ACCOUNT #</u>
63459	50	20848	11/14/82	06-5280-HQ
63460				
63461				
63462				
63463				
64851				
64852				
64853				
64854				
50597	20			

TOTAL: cont'd

NOTES:

APPROVED TO ENTER:

DATE ENTERED:

ENTERED BY:

23040951631

DUKAKIS FOR PRESIDENT

Draft Coding/Entry Form

VENDOR: _____

VENDOR #: 6787

ADDRESS: _____

P.O. #: 3451

PURPOSE:

<u>DRAFT #</u>	<u>AMOUNT</u>	<u>INVOICE #</u>	<u>DATE NEGOT'D</u>	<u>ACCOUNT #</u>
----------------	---------------	------------------	---------------------	------------------

✓ 50598	20	20848	11/14/88	06-5280-HQ
✓ 50599				
✓ 50600				
✓ 50601				
✓ 51220				
✓ 51221				
✓ 51222				
✓ 51223				
✓ 51224				
✓ 52392				

TOTAL: cont'd

NOTES:

APPROVED TO ENTER: _____

DATE ENTERED: _____

ENTERED BY: _____

93040951632

DUKAKIS FOR PRESIDENT
Draft Coding/Entry Form

VENDOR: _____

VENDOR #: 6787

ADDRESS: _____

P.O. #: 3451

PURPOSE:

<u>DRAFT #</u>	<u>AMOUNT</u>	<u>INVOICE #</u>	<u>DATE NEGOT'D</u>	<u>ACCOUNT #</u>
52393	20	20848	11/14/82	06-5280-HR
52394				
52395				
52396				
53561				
53562				
53563				
53564				
53565				

TOTAL: \$850.⁰⁰

NOTES:

APPROVED TO ENTER: _____

DATE ENTERED: _____

ENTERED BY: _____

93040951633

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63459

PURPOSE Office Supplies

November 14

88

5-123
110-05

Fifty and no/100

50.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63460

PURPOSE Travel - V/P Debate Reimb.

November 14

88

5-123
110-05

Fifty and no/100

50.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63461

PURPOSE Travel-V/P Debate Reimbursement

November 14

88

5-123
110-05

Fifty and no/100

50.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63462

PURPOSE ~~Travel-V/P Debate Reimbursement~~

November 14 88

5-133
110-05

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63463

PURPOSE ~~Travel-V/P Debate Reimbursement~~

November 14 88

5-133
110-05

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

64851

PURPOSE Instate Travel

November 14 88

5-133
110-05

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

6335
US Trust
United States Trust Company
Boston, Massachusetts 02108

04
US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

64852

PURPOSE Instate Travel

November 14 88

5-133
110 05

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

64853

PURPOSE Instate Travel

November 14 88

5-133
110 05

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

64854

PURPOSE Instate Travel

November 14 88

5-133
110 05

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston Massachusetts 02108

3040951636
US Trust
United States Trust Company
Boston Massachusetts 02108

US Trust
United States Trust Company
Boston Massachusetts 02108

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Democratic National Convention Expense DUKAKIS FOR PRESIDENT COMMITTEE, INC.

50597

November 14 88

5-133
110-05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER
NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

40254637

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Travel/Meeting Expense DUKAKIS FOR PRESIDENT COMMITTEE, INC.

50598

November 14 88

5-133
110-05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER
NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

233

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Travel/Meeting Expense DUKAKIS FOR PRESIDENT COMMITTEE, INC.

50599

November 14 88

5-133
110-05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER
NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

50600

PURPOSE Travel/Meeting Expense

November 14 88

5-133/110 05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER
NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

50601

PURPOSE Travel/Meeting Expense

November 14 88

5-133/110 05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER
NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS/BENTSEN
COMMITTEE, INC.

51220

PURPOSE Travel/Meeting Expense

November 14 88

5-133/110 05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

51221

PURPOSE ~~Travel/Meeting Expense~~

November 14

88

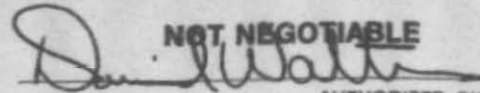
5-133/110 05

Twenty and no/200

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE



AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

51222

PURPOSE ~~Travel/Meeting Expense~~

November 15,

88

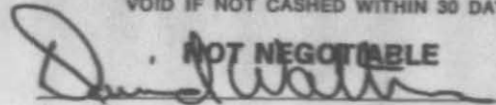
5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE



AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

51223

PURPOSE ~~Travel/Meeting Expenses~~

November 14

88

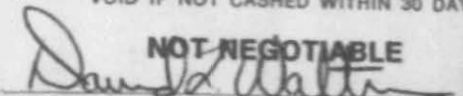
5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE



AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02208

US Trust
United States Trust Company
Boston, Massachusetts 02208

US Trust
United States Trust Company
Boston, Massachusetts 02208

DUKAKIS/BENTSEN
COMMITTEE, INC.

51224

PURPOSE ~~Travel/Meeting Expenses~~

November 14

88 5-133/110 05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

52392

PURPOSE ~~Travel~~ - V/P Debate Reimbursement

November 14

88 5-133/110 05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

52393

Travel Reimbursement

PURPOSE V/P Debate \$6.70, Office Supplies \$13.30

November 14

88

5-133/110 05

Twenty and no/100

20.00

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

US Trust
United States Trust Company
Boston, Massachusetts 02108

US Trust
United States Trust Company
Boston, Massachusetts 02108

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS/BENTSEN
COMMITTEE, INC.

52394

PURPOSE Office Supplies

November 14

88

5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

52395

Office Supplies \$6.86

PURPOSE Office Expense Reimb. \$13.14

November 14

88

5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

52396

PURPOSE Instate Travel

November 14

88

5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS/BENTSEN
COMMITTEE, INC.

53561

PURPOSE Instate Travel

November 14 88

5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102++

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

53562

Volunteer Exp. \$2.35

PURPOSE Dem. Nat'l Conv. Exp. \$17.65

November 14, 88

5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

53563

Office Expense

PURPOSE Reimbursement

November 14 88

5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

US Trust
United States Trust Company
Boston, Massachusetts 02108

US Trust
United States Trust Company
Boston, Massachusetts 02108

US Trust
United States Trust Company
Boston, Massachusetts 02108

Dem. Nat'l. Exp. DUKAKIS/BENTSEN
\$4.10, Off. Expense COMMITTEE, INC.
\$15.90

53564

PURPOSE

November 14 88

5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters
AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS/BENTSEN
COMMITTEE, INC.

53565

Democratic National
Convention Expense

PURPOSE

November 14 88

5-133/110 05

Twenty and no/100

20.00

NOT VALID IF ISSUED OVER (\$20.00) TWENTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters
AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

93040951643

THE WALTERS COMPANY, INC.
621 N. ROBINSON SUITE: 102
OKLAHOMA CITY, OK 73102
PHONE: (405) 236-1900

INVOICE

For the Period: October 1 through October 31, 1988

Dukakis for President
Oklahoma City, OK

Federal Express	11.00
MCI Telephone	14.06
Postage	100.00
Avis Rent a Car	111.35
ATC Telephone	185.43
McCaw Comm (Pagers)	53.85
AT&T Telephone	24.90
Copy Paper	41.73
Computer Rental	50.38
Fax Machine Rental (1 mo)	68.00
Fax Machine Rental (2 mo)	136.00
T&E	45.12

TOTAL DUE

=====
841.82

93040951644

THE WALTERS COMPANY, INC.
621 N. ROBINSON SUITE: 102
OKLAHOMA CITY, OK 73102
PHONE: (405) 236-1900

INVOICE

For the Period: October 1 through October 31, 1988

Dukakis for President
Oklahoma City, OK

Federal Express	11.00
MCI Telephone	14.06
Postage	100.00
Avis Rent a Car	111.35
ATC Telephone	185.43
McCaw Comm (Pagers)	53.85
AT&T Telephone	24.90
Copy Paper	41.73
Computer Rental	50.38
Fax Machine Rental (1 mo)	68.00
Fax Machine Rental (2 mo)	136.00
T&E	45.12

TOTAL DUE

=====
841.82

23040951645



REMIT TO:
UNION CONTINENTAL LEASING COMPANY
107 N. SHERMAN
ENNIS, TX 79119

STATEMENT

ENNIS 1826807

0092270

ACCOUNT NUMBER

THE WALTERS CO.
621 N. ROBINSON STE. #102
OKLAHOMA CITY OK 73102

10/27/88

STATEMENT DATE

DATE	INVOICE NUMBER	FOLIO	PURCHASES	CREDIT/DEBIT ENTRY	BALANCE
10/01/88	172510	0927	214.96		214.96
11/01/88	172511	1026	214.96		214.96
					429.92

RECEIVED
NOV 2 1988
By The Walters Company

Force

Fax - 1mo. = 68.00
Fax 2mo = 136.00
\$204.00

PLEASE RETURN DUPLICATE COPY OF STATEMENT WITH YOUR REMITTANCE
DIRECT ALL ACCOUNT QUESTIONS TO (214) 875-6581, ACCOUNTS RECEIVABLE

214.96

PAST DUE
214.96

PAY THIS AMOUNT
429.92

IF THIS STATEMENT IS PAID IN FULL BY THE 10th DEDUCT CASH DISCOUNT OF

YOUR PURCHASE OF ENNIS PRODUCTS IS APPRECIATED.

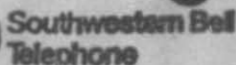
DISCOUNTS ARE CALCULATED ON PRODUCT ONLY, NOT INCLUDING FREIGHT OR OTHER EXTRAS

Cheryl S. Smothers P.A.
Corporate Controller

621 NORTH ROBINSON SUITE 102 OKLAHOMA CITY, OKLAHOMA 73102

(405) 236-1900

23 040251 "Managing" BONDED



NN DETAIL OF CHARGES NN

405 236 1900 896

OCT 25 88

PAGE 5

SOUTHWESTERN BELL ITEMIZED CALLS

NO	DATE	TIME	PLACE CALLED	AREA	NUMBER	*	MIN	AMOUNT	
1	9 27	640PM	STILLWATER OK	405	744 5000	E	1	.268	
2	10 04	1254PM	BLANCHARD OK	405	485 9388	D	1	.238	MIKE
3	10 04	234PM	OKLA CITY OK	405	236 1900	DS	2		
		COLLECT FROM	EL RNO OK	405	262 0841			1.618	CTV COR
4	10 04	511PM	OKLA CITY OK	405	236 1900	DS	2		
		COLLECT FROM	EL RNO OK	405	262 0840			1.618	CTV COR
5	10 04	530PM	OKLA CITY OK	405	236 1900	DS	2		
		COLLECT FROM	EL RNO OK	405	262 0840			1.618	CTV COR
6	10 06	1212PM	OKLA CITY OK	405	236 1900	DS	3		
		COLLECT FROM	EL RNO OK	405	262 0840			1.798	CTV COR
7	10 11	504PM	CARNEY OK	405	865 2341	E	11	2.108	Duke
8	10 12	1041AM	OKLA CITY OK	405	236 1900	DS	3		
		COLLECT FROM	EL RNO OK	405	262 0840			1.798	CTV COR
9	10 19	716PM	BLANCHARD OK	405	485 9388	E	1	.178	MIKE
10	10 20	1120AM	LOCAL COIN OK	405	236 1900	DS	1		
		COLLECT FROM	OKLACY OK COIN	405	942 9415			1.458	MIKE

See Reverse

THANK YOU FOR PAYING BY MAIL



AT&T

MM DETAIL OF CHARGES MM

405 236 1900 896

OCT 25 88

PAGE 13

AT&T ITENIZED CALLS

NO	DATE	TIME	PLACE	CALLER	AREA	NUMBER	*	MIN	AMOUNT	
1	9 29	709PM	TULSA	OK	918	599 1425	E	2	.510	Duke
2	10 03	1045AM	FTLAUDERDL	FL	305	473 7279	D	2	.600	"
3	10 13	221PM	NEW YORK	NY	212	355 3000	D	1	.330	"
4	10 14	132PM	BOSTON	MA	617	482 2522	D	7	1.950	Duke
5	10 18	322PM	NASHVILLE	TN	615	297 3565	D	1	.310	"
6	10 18	336PM	MUSKOGEE	OK	918	687 1642	D	1	.350	Duke
7	10 18	337PM	WASHINGTON	DC	202	225 6165	D	4	1.140	"
8	10 19	516PM	GUYNON	OK	405	338 6591	E	2	.620	Duke

SUBTOTAL OF CALLS FROM 236 1900

5.81

See Reverse

THANK YOU FOR PAYING BY MAIL

**AT&T**

NN DETAIL OF CHARGES NN

405 236 1900 896

OCT 25 88

PAGE 14

<u>NQ</u>	<u>DATE</u>	<u>TIME</u>	<u>PLACE CALLED</u>	<u>AREA</u>	<u>NUMBER</u>	<u>*</u>	<u>MIN</u>	<u>AMOUNT</u>
			CALLS FROM	236	2744			
1	10 18	610PM	TULSA OK	918	492 9354	E	4	.980 Duke
2	10 19	518PM	MCALESTER OK	918	423 7573	E	1	.280 Duke

SUBTOTAL OF CALLS FROM 236 2744

1.2



NM DETAIL OF CHARGES NM

405 236 1900 896

OCT 25 88

PAGE 15

NQ	DATE	TIME	PLACE CALLED	AREA	NUMBER	*	MIN	AMOUNT
CALLS FROM 236 2870								
1	10 14	1017AM	FINDLAY OH	419	423 3688	D	3	.850 ME
2	10 14	257PM	WASHINGTON DC	202	863 8000	D	8	2.220 Duke
3	10 19	523PM	TALALA OK	918	275 4244	E	1	.280 Duke
4	10 19	524PM	TULSA OK	918	742 2002	E	1	.280 Duke
5	10 24	1256PM	SAN RAFAEL CA	415	485 4500	D	1	.330 Duke

SUBTOTAL OF CALLS FROM 236 2870

3.96

See Reverse

THANK YOU FOR PAYING BY MAIL



NM DETAIL OF CHARGES NM

405 236 1900 896

OCT 25 88

PAGE 16

NQ	DATE	TIME	PLACE CALLED	AREA	NUMBER	*	MIN	AMOUNT
CALLS FROM 236 2907								
1	9 29	703PM	TULSA OK	918	742 6397	E	2	.510 Duke
2	10 06	1211PM	ADDISON TX	214	233 8080	D	7	1.730 Duke
3	10 13	123PM	DALLAS TX	214	634 8850	D	6	1.490 RM
4	10 17	117PM	FINDLAY OH	419	423 3688	D	1	.310 ME
5	10 17	117PM	FINDLAY OH	419	424 0422	D	16	4.360 ME

SUBTOTAL OF CALLS FROM 236 2907

8.40

See Reverse

THANK YOU FOR PAYING BY MAIL



NM DETAIL OF CHARGES NM

405 236 1900 896

OCT 25 88

PAGE 17

NQ	DATE	TIME	PLACE CALLED	AREA	NUMBER	*	MIN	AMOUNT
CALLS FROM 239 6260								
1	10 05	425PM	UK	441	489 1142	E	1	1.230 RC
2	10 11	1222PM	NRICHLDHLS TX	817	581 1074	D	1	.290 Duke
3	10 11	1224PM	NRICHLDHLS TX	817	581 1074	D	6	1.490 Duke
4	10 12	400PM	BOSTON MA	617	482 3323	D	1	.330 Duke
5	10 14	1115AM	WASHINGTON DC	202	863 8140	D	1	.330 Duke
6	10 14	148PM	CINCINNATI OH	513	793 1337	D	2	.580 "
7	10 20	127PM	HOUSTON TX	713	622 4347	D	2	.550 "
8	10 21	1210PM	BOSTON MA	617	451 3817	D	1	.330 Duke
9	10 21	1211PM	BOSTON MA	617	451 3817	D	2	.600 Duke
10	10 21	109PM	BOSTON MA	617	482 3323	D	3	.870 Duke
11	10 21	1240PM	WASHINGTON DC	202	225 7452	D	2	.600 Duke

REIMBURSEMENTS DUE FROM: Dukakis/Bentsen-----

REIMBURSEMENT DUE

INVOICE

DATE _____

DAVID WALTERS :THE WALTERS CO.:FRIENDS FOR DAVID:

INVOICE

AMOUNT

DESCRIPTION

Travel - Travel	9-27-88	10.00
Stillwater - 100 mi	"	16.87
- Misc Food	9-26-88	20.00
Cordell - 200 mi	9-28-88	15.00
Shawnee/Holdenville - 150 mi	10-10-88	16.00
Wipole - 110 mi	10-16-88	8.00
Peur - 80 mi	10-17-88	9.00
Chandler - 90 mi	10-21-88	5.00
McAlester - 200 mi	10-22-88	10.00
Stillwater - 100 mi	10-24-88	8.00
Curtis - 80 mi	10-25-88	25.00
Cleveland - 250 mi	10-28-88	5.00
Ada - 150 mi	10-29-88	5.00
Skiatook - 200 mi	10-31-88	15.00
Oremat - 150 mi	11-2-88	5.00
Grove - 220 mi	11-4-88	20.00
Tulsa - 200 mi	11-5-88	22.00
Elk City - 220 mi	11-7-88	
Lawton	"	
Abilene	"	14.13
Okasha	"	
OTC		
OTC Staff / Abilene Exp	9-20-88	20.00

9 3 0 4 0 9 5 1 6 4 9

DUKAKIS FOR PRESIDENT
Draft Coding/Entry Form

VENDOR:

The Walters Co.

VENDOR #:

6787

ADDRESS:

P.O. #:

3451

PURPOSE:

remb. - travel, office expenses, vol. expenses,

DRAFT #

AMOUNT

INVOICE #

DATE NEGOT'D

ACCOUNT #

700577

100

20847

11/14/88

06-5320-HQ

700578

700579

701719

701720

701721

701722

701723

703056

703057

TOTAL:

cont'd

NOTES:

APPROVED TO ENTER:

DATE ENTERED:

12/30/88

ENTERED BY:

KDY

93040951659

DUKAKIS FOR PRESIDENT

Draft Coding/Entry Form

VENDOR: _____

VENDOR #: 6787

ADDRESS: _____

P.O. #: 3451

PURPOSE:

<u>DRAFT #</u>	<u>AMOUNT</u>	<u>INVOICE #</u>	<u>DATE NEGOT'D</u>	<u>ACCOUNT #</u>
703058	100	20847 8071/88	11/14/88	06-5320-HQ
704571				
704572				
704573				
704574				
704575				
704576				
60528	50			
60529				
61974				

TOTAL:

cont'd

NOTES:

APPROVED TO ENTER: _____

DATE ENTERED: _____

ENTERED BY: _____

93040951651

DUKAKIS FOR PRESIDENT
Draft Coding/Entry Form

VENDOR: _____

VENDOR #: 6787

ADDRESS: _____

P.O. #: 3451

PURPOSE:

<u>DRAFT #</u>	<u>AMOUNT</u>	<u>INVOICE #</u>	<u>DATE NEGOT'D</u>	<u>ACCOUNT #</u>
61975	50	20847	"/14/88	06-5320-HQ
61976				
61977				
61978				
61979				
63454				
63455				
63456				06-5280-HQ
63457				
63458				

TOTAL:

~~NOTES:~~ \$2350.00

APPROVED TO ENTER: _____

DATE ENTERED: _____

ENTERED BY: _____

23040951652

US Trust
United States Trust Company
Boston, Massachusetts 02108

Democratic National
PURPOSE Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

700577

November 14

88

5-133
110 05

One Hundred and no/100

200.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

Democratic National
PURPOSE Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

700578

November 14

88

5-133
110 05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

Dem. Nat'l Conv. Exp.
PURPOSE \$93.46, Travel/Meeting \$6.54

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

700579

November 14

88

5-133
110 05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Democratic National
Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

701719

November 14 88

6-133-03
110

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

409516454

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Democratic National
Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

701720

November 14 88

6-133-05
110

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

73

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Democratic National
Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

701721

November 14 88

6-133-05
110

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Democratic National Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

701722

November 14 88

5-133
110-05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Democratic National Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

701723

November 14 88

5-133
110-05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Travel-V/P Debate Reimbursement

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

703056

November 14 88

5-133
110-05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE
David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

23 40957655

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

703057

PURPOSE ~~Travel-V/P Debate Reimbursement~~

November 14 88

5-133
110-05

One Hundred and no/100_____

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

703058

PURPOSE ~~Travel-V/P Debate Reimbursement~~

November 14 88

5-133
110-05

One Hundred and No/100_____

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

704571

PURPOSE Office Expense
Reimbursement

November 14 88

5-133
110-05

One Hundred and no/100_____

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

704572

PURPOSE Office Expense Reimbursement

November 14 88

5-133
110-05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

704573

PURPOSE Office Expense Reimbursement

November 14 88

5-133
110-05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

704574

PURPOSE Office Exp. Reimbursement

November 14 88

5-133
110-05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston Massachusetts 02108

US Trust
United States Trust Company
Boston Massachusetts 02108

93040951657

US Trust
United States Trust Company
Boston, Massachusetts 02108

Office Exp.
Reimbursement

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

704575

PURPOSE

November 14 88

5-133
110 05

One Hundred and no/000

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

Office Exp. Reimb.

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

704576

PURPOSE

\$92.78, Instate Travel
\$7.22

November 14 88

5-133
110 05

One Hundred and no/100

100.00

NOT VALID IF ISSUED OVER
(\$100.00) ONE HUNDRED DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

Democratic National
Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

60528

PURPOSE

November 14 88

5-133
110 05

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

US Trust
United States Trust Company
Boston, Massachusetts 02108

93040951658

US Trust
United States Trust Company
Boston, Massachusetts 02108

Democratic National
PURPOSE Convention Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

60529

November 14 88

5-133-06
110

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Travel/Meeting Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

61974

November 14 88

5-133-06
110

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

PURPOSE Travel/Meeting Expense

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

61975

November 14 88

5-133-06
110

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

61976

PURPOSE Travel/Meeting Expense

November 14

88

5-133
110-05

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER

(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

61977

PURPOSE Travel/Meeting Expense

November 14

88

5-133
110-05

Fifty and no/100

50.00*****

NOT VALID IF ISSUED OVER

(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust
United States Trust Company
Boston, Massachusetts 02108

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

61978

PURPOSE Travel/Meeting Expense

November 14

88

5-133
110-05

Fifty and no/100

50.00*****

NOT VALID IF ISSUED OVER

(\$50.00) FIFTY DOLLARS

VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

/ David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

61979

PURPOSE Travel/Meeting Expense

November 14 88

6-133
110 05

Fifty and no/100-----

50.00*****

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63454

PURPOSE Office Expense Reimb.

November 14 88

6-133
110 05

Fifty and no/100-----

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63455

PURPOSE Office Expense Reimb.

November 14 88

6-133
110 05

Fifty and no/100-----

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

USTrust

United States Trust Company
Boston, Massachusetts 02108

USTrust

United States Trust Company
Boston, Massachusetts 02108

USTrust

United States Trust Company
Boston, Massachusetts 02108

93040951661

Office Expense
PURPOSE Reimbursement

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63456

November 14 88

8-133
110-06

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

Office Expense
PURPOSE Reimbursement

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63457

November 14 88

8-133
110-06

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

Office Supplies
PURPOSE

DUKAKIS FOR PRESIDENT
COMMITTEE, INC.

63458

November 14 88

8-133
110-06

Fifty and no/100

50.00

NOT VALID IF ISSUED OVER
(\$50.00) FIFTY DOLLARS
VOID IF NOT CASHED WITHIN 30 DAYS

The Walters Company
621 North Robinson, Suite 102
Oklahoma City, Oklahoma 73102

NOT NEGOTIABLE

David L. Walters

AUTHORIZED SIGNATURE

David L. Walters

⑆011001331⑆ 887 4301557⑈

US Trust

United States Trust Company
Boston, Massachusetts 02108

US Trust

United States Trust Company
Boston, Massachusetts 02108

US Trust

United States Trust Company
Boston, Massachusetts 02108

23040951662

• 649*3
• 050 1
• 050 1
• 649 TA
• 036H
• 785H
• 2000H
• 1215H
H 687
19:13

[illegible]

REIMBURSEMENTS DUE FROM: Dukakis/Bentsen-----

REIMBURSEMENT DUE

INVOICE		DATE		AMOUNT	
DESCRIPTION	:	DATE	:	AMOUNT	:
		DAVID WALTERS	:	THE WALTERS CO.	:
		FRIENDS FOR DAVID	:		:

Airtax	10-4/10-6	347.00	✓
Hotel		116.47	✓
Hotel Tips		3.00	
Breakfast		4.33	
Misc - Volunteer Expense		6.87	✓
Dinner		1.25	
Volunteer Food		19.65	
Meal		6.00	
Cab		14.00	
Breakfast		6.13	
TOTAL		586.70	

Office Expense Reimbursement	2-19-88	140.16	✓
Office Expense Reimb.	10-31-88	845.82	

7 3 0 4 0 9 5 1 6 6 4

Control Communications
PO Box 77526
OKC, OK 73177
755-7450 752-9499

Duke Reimbr.

INVOICE NO.
~~X1284X~~
1893

SOLD TO The Walters Co.			SHIPPED TO		
STREET & NO. PO Box 54644			STREET & NO.		
CITY OKC, OK 73154	STATE	ZIP	CITY	STATE	ZIP

CUSTOMER'S ORDER	SALESMAN T. Mills	TERMS Net 10 days	F.O.B.	DATE 2-19-88
------------------	----------------------	----------------------	--------	-----------------

INVOICE

15,000	2 1/2 x 15/16 3 Across Labels	2	13	31	95
		per	M		
2 cases	8 1/2 x 11 Copier Paper	24	55	49	10
1 case	Canon Copier Toner			47	00
	Subtotal			128	05
	Freight (Labels)			3	15
	Tax			8	96
	Total			140	16

7L721/
01723

06-1464

R. THOMAS SEYMOUR

ATTORNEY

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

AREA CODE 918
563-5791

June 4, 1991

Mr. John Warren McGarry
Chairman
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JUN -7 PM 3:25

Re: MUR 3143

Dear Mr. McGarry:

We represent Gov. David L. Walters. He is in receipt of a letter dated May 20, 1991 from you, to "GSMI, Inc., David Walters, Receiver." You state in your letter that the FEC found reason to believe that GSMI, Inc. violated the Federal Election Campaign Act of 1971, as amended. A highly important and dispositive matter needs to be drawn to your attention.

No activity of David Walters as receiver can be deemed a corporate campaign contribution, because David Walters was never receiver of GSMI, Inc. On May 13, 1988, David Walters was appointed the court's receiver for a specific piece of property owned by GSMI, Inc. This appointment, by the District Court of Oklahoma County, Oklahoma, was not as receiver for the corporation GSMI, Inc. Under the receivership law of the State of Oklahoma, the court may step into the otherwise private business affairs of individuals and corporations, under appropriate legal circumstances, remove property from the care, custody and control of such entities, and place property in the hands of a receiver. Because the receiver is acting as a wholly separate entity, he is required, by statute, to post a bond before he may undertake his activities. On May 13, 1988 David Walters posted a \$40,000 receiver's bond with the District Court of Oklahoma County. A copy of the Order Appointing Receiver and of the Receivers Bond are included for your reference.

Any act of defalcation on the part of a receiver is not the responsibility of the party who formerly had the care, custody and control of the property and has legal title throughout the receivership (in this case, GSMI).

99915604036

Mr. John Warren McGarry
June 4, 1991
Page 2

It is the responsibility of the receiver, and that is why he must post a bond. Accordingly, the receiver acts only and at all times as receiver, not as the displaced corporation.

23040951667
This matter has now drug on since October, 1990. At no time has David Walters or his counsel been aware that anyone at the Commission somehow believed that his acts as receiver could be attributed to GSMI, or that he would be deemed to be acting as GSMI. His role as receiver was to take charge of a piece of property so that all parties would be assured the property was operated independently, under court supervision, free of the influence of both plaintiff and defendant in the lawsuit pending. He acted neither for the plaintiff, nor for the defendant, but rather for the court. In discharging that duty, he was on his own, and as such had to be bonded. As a matter of law, David Walters, as receiver, was at all times acting for and as himself, subject to court supervision. At no time did he take any action "as" GSMI, or "for" GSMI, or "on behalf of" GSMI. A receiver is an especially created statutory legal entity, that exists wholly separate and apart from those whose property they "receive." Indeed, the very name, receiver, means the legal entity (the receiver) has been given property wrested from the legal owner, so that independent actions are taken in respect of that property.

In sum, the Commissions' finding that Mr. Walters was acting as GSMI is wholly without foundation in the law. No matter how else one views what transpired here, it is clear that GSMI did nothing, ever. Accordingly, no corporate campaign contribution is involved in any way, shape or form.

Sincerely yours,

R. Thomas Seymour /st

R. Thomas Seymour

RTS:vp

cc: Lawrence Noble, Esq.
Dodie Kent, Esq.

IN THE DISTRICT COURT OF OKLAHOMA COUNTY

STATE OF OKLAHOMA

FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OK

MAY 13 1988

Tom Petuskey, Court Clerk

By DEPUTY

MUTUAL SECURITY LIFE INSURANCE)
COMPANY, an Indiana)
corporation,)

Plaintiff,)

-vs-)

GSMI, INC., an Oklahoma)
corporation,)

Defendant.)

Case No. CJ-88-2914

RECEIVER'S BOND

KNOW ALL MEN BY THESE PRESENTS:

That we, David Walters, of Oklahoma City, Oklahoma as principal and The United States Fidelity and Guaranty Company, a Maryland corporation, as surety, are held firmly bound unto the plaintiff in the above entitled cause in the sum of \$40,000.00 to be paid to the said plaintiff for which payment well and truly to be made we bind ourselves, our heirs, executors, administrators and successors, jointly and severally, firmly by these presents.

Sealed with our seal. Dated the 13th day of May, 1988.

WHEREAS, by an Order made by the Honorable Joe Cannon, Judge of the District Court, on the 13th day of May, 1988, in an action in the District Court in and for Oklahoma County, Oklahoma, wherein Mutual Security Life Insurance Company is plaintiff and GSMI, Inc., is defendant, the bounden David Walters was appointed receiver of the property of GSMI, Inc., pursuant to the provisions of the Code of Civil Procedure.

NOW, THEREFORE, the condition of this obligation is such that if the said David Walters shall faithfully discharge the duties of his office in all things according to the true intent and meaning of said Order and obey the orders of the Court, then this obligation shall be void; otherwise to be in full force and effect.

David Walters
David Walters, Principal

93040951668

SUBSCRIBED AND SWORN to before me this 13th day of
May, 1988.

LaVon A. Barber
Notary Public

My Commission Expires:

June 1, 1990
(SEAL)

The United States Fidelity
and Guaranty Company, Surety

By: Ben F. Lewis
Ben F. Lewis
Attorney-in-Fact

The foregoing bond and surety approved this 13th day
of May, 1988.

James E. Brown
Judge of the District Court

23040951669

23040951670

CERTIFIED COPY
GENERAL POWER OF ATTORNEY

No. 94938

Know all Men by these Presents:

That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland, and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint Ben F. Lewis, Larry D. Bixler and A. L. Rowley

of the City of Oklahoma City State of Oklahoma
its true and lawful attorneys in and for the State of Oklahoma

for the following purposes, to wit:

To sign its name as surety to, and to execute, seal and acknowledge any and all bonds, and to respectively do and perform any and all acts and things set forth in the resolution of the Board of Directors of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, a certified copy of which is hereto annexed and made a part of this Power of Attorney; and the said UNITED STATES FIDELITY AND GUARANTY COMPANY, through us, its Board of Directors, hereby ratifies and confirms all and whatsoever done by anyone of the said Ben F. Lewis and the said Larry D. Bixler and the said A. L. Rowley

may lawfully do in the premises by virtue of these presents.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Vice-President and Assistant Secretary, this 16th day of September, A. D. 1983

UNITED STATES FIDELITY AND GUARANTY COMPANY.

(Signed) Charles D. Zimmerman, III
Vice-President

(SEAL) (Signed) Robert G. Bruce
Assistant Secretary

STATE OF MARYLAND
BALTIMORE CITY.

On this 16th day of September, A. D. 1983, before me personally came Charles D. Zimmerman, III, Vice-President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and Robert G. Bruce, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said that they, the said Charles D. Zimmerman, III and Robert G. Bruce were respectively the Vice-President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each have the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so fixed by order of the Board of Directors of said corporation, and that they signed their names thereto by the order of Vice-President and Assistant Secretary, respectively, of the Company.

My commission expires the first day of July, A. D. 1986.
(SEAL) (Signed) Margaret M. Hurst
Notary Public

STATE OF MARYLAND
BALTIMORE CITY.

I, Sandra E. Banks, Clerk of the Circuit Court for Baltimore City, which Court is a Court of Record, and has a seal, do hereby certify that Margaret M. Hurst, Notary Public, before whom the aforesaid affidavits were made, and who has thereto subscribed his name, was at the time of so doing a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and sworn and authorized by law to administer oaths and take acknowledgments, or proof of deeds to be recorded therein. I further certify that I am acquainted with the handwriting of the said Notary, and verily believe the signatures to be his genuine signatures.

In Testimony Whereof, I have set my hand and affix the seal of the Circuit Court for Baltimore City, the same being a Court of Record, this 16th day of September, A. D. 1983.
(SEAL) (Signed) Sandra E. Banks
Clerk of the Circuit Court for Baltimore City.

COPY OF RESOLUTION

That Whereas, it is necessary for the effectual transaction of business that this Company appoint agents and attorneys with power and authority to act for it and in its name in States other than Maryland, and in the Territories of the United States and in the Provinces and territories of Canada;

Therefore, Be it Resolved, that this Company do, and it hereby does, authorize and empower its President or either of its Vice-Presidents in conjunction with its Secretary or one of its Assistant Secretaries, under its corporate seal, to appoint any person or persons to attorney or attorneys-in-fact, or agent or agents of said Company, in its name and as its act, to execute and deliver any and all contracts guaranteeing the fidelity of persons holding positions of public or private trust, guaranteeing the performance of contracts other than insurance policies and executing or guaranteeing bonds and undertakings, required or permitted in all actions or proceedings, or by law allowed, and

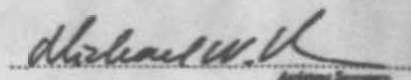
also, in its name and as its attorney or attorneys-in-fact, or agent or agents to execute and guarantee the conditions of any and all bonds, recognizances, obligations, stipulations, undertakings or anything in the nature of either of the same, which are or may by law, municipal or otherwise, or by any Statute of the United States or of any State or Territory of the United States or of the Provinces or territories of Canada, or by the rules, regulations, orders, customs, practice or discretion of any board, body, organization, office or officer, local, municipal or other -as, be allowed, required or permitted to be executed, made, taken, given, tendered, accepted, filed or recorded for the security or performance of, by or for any person or persons, corporation, body, office, interest, municipality or other association or organization whatsoever, in any and all capacities whatsoever, conditioned for the doing or not doing of anything or any conditions which may be provided for in any such bond, recognizance, obligation, stipulation, or undertaking, or anything in the nature of either of the same.

I, Michael W. Vann, Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a full, true and correct copy of the original power of attorney given by said Company to Ben F. Lewis, Larry D. Bixler and A. L. Rowley

of Oklahoma City, Oklahoma, authorizing and empowering them to sign bonds as therein set forth, which power of attorney has never been revoked and is still in full force and effect.

And I do further certify that said Power of Attorney was given in pursuance of a resolution adopted at a regular meeting of the Board of Directors of said Company, duly called and held at the office of the Company in the City of Baltimore, on the 25th day of November, 1921, at which meeting a quorum of the Board of Directors was present, and that the foregoing is a true and correct copy of said resolution, and the whole thereof as recorded in the minutes of said meeting.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on May 13, 1928 (Done)


Assistant Secretary

23040951671

IN THE DISTRICT COURT OF OKLAHOMA COUNTY, OKLAHOMA
STATE OF OKLAHOMA

MAY 13 1988

in Petuskey, Court Clerk

MUTUAL SECURITY LIFE INSURANCE)
COMPANY, an Indiana)
corporation,)

Plaintiff,)

-vs-)

GSMI, INC., an Oklahoma)
corporation,)

Defendant.)

DEPUTY

Case No. CJ-88-2914

ORDER APPOINTING RECEIVER

This cause comes on for hearing before me the undersigned Judge of the District Court on the 9th day of May, 1988, upon the application of the plaintiff for appointment of a receiver. The plaintiff appears by its counsel, James R. Waldo of the firm Mock, Schwabe, Waldo, Elder, Reeves & Bryant, and the defendant appears by its counsel, John E. Sargent, Jr. of the firm McAfee & Taft.

Upon hearing the evidence presented and arguments of counsel and being fully advised, the Court finds that plaintiff's Application for Appointment of Receiver should be, and is hereby, granted, upon the terms and conditions hereinafter set forth:

IT IS THEREFORE ORDERED AND DECREED by the Court that David Walters (the "Receiver") is hereby appointed as receiver of and for the following described real property:

A part of the Northwest Quarter (NW1/4) of the Southwest Quarter (SW1/4) of Section 9, Township 12 North, Range 3 West of the Indian Meridian, in the City of Oklahoma City, Oklahoma County, Oklahoma, said part being more particularly described as follows:

Beginning at a point located South 00°09'50" West a distance of 385.52 feet and South 89°32'00" East a distance of 50.00 feet from the Northwest Corner of the said SW1/4; thence from said POINT OF BEGINNING South 00°09'50" West a distance of 204.00 feet; thence South 89°50'10" East a distance of 40.00 feet; thence South 00°09'50" West a distance of 109.32 feet; thence North 70°29'59" East a distance of 119.31 feet; thence South 84°22'06" East a distance of 278.25 feet; thence North 45°05'29" East a distance of 278.01 feet; thence North 39°12'31" West a distance of 46.87 feet; thence North 59°50'10" West a distance of 94.00 feet;

23040951672

thence North 63°53' West a distance of 105.36 feet; thence South 87°09'50" West a distance of 148.00 feet; thence North 00°09'50" East a distance of 21.00 feet; thence North 89°50'10" West a distance of 31.00 feet; thence South 00°09'50" West a distance of 40.00 feet; thence North 89°50'10" West a distance of 241.00 feet to the point of beginning, together with appurtenant non-exclusive perpetual easements for a roadway and for all forms of pedestrian and vehicular traffic granted in Book 4634 at Page 1520 and in Book 5163 at Page 1890, both of the records of Oklahoma County, Oklahoma.

(the "Project") and he is ordered to collect, hold, preserve and manage said assets and to protect the same under the orders of this Court. Said appointment is to become effective upon the Receiver's taking of his oath and upon the filing by the said Receiver of an undertaking in the sum of \$40,000.00 conditioned as provided by law.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

A. The Receiver is hereby ordered, authorized and directed to immediately take possession of the Project and premises, and the defendant is ordered and directed to deliver forthwith possession of the Project and premises to said Receiver and said Receiver is ordered and authorized to operate the same to the best advantage, and to collect and receive the income therefrom, from and after May 1, 1988, and to conduct such operations as are necessary to preserve and protect the Project. Out of said income, he is authorized to pay accumulated taxes on the Project and insurance premiums, defray the expenses of any repairs necessary to preserve the Project in good condition and to pay the reasonable and ordinary expenses associated with the operation of the Project as an office building.

The Receiver shall, each month during the pendency of this receivership, receive as a fee for his services the greater of: (a) \$1,000.00 per month; or (b) five percent (5%) of revenues collected that month; plus expenses (subject to the monetary limitation set forth in paragraph D hereof) which shall be paid as set forth more specifically in paragraph D hereof. All such fees and expenses shall be subject to review by the Court upon discharge of the receiver.

23040951673

23040951674

Upon prior approval of the Court in each instance, the Receiver shall also be entitled to receive a fee for appearances in court hearings and/or depositions in this litigation, or for time spent in preparation therefor, which compensation shall be at the rate of \$75.00 per hour, provided, however, that the Receiver shall not be entitled to any such fee for the initial appearance relating to the instant application and order. Additionally, the Receiver shall receive leasing commissions for the renewal or extension of existing leases covering any portion of the Project, which leases shall be approved by the Court, and for the procurement of new leases thereupon as follows:

- 6% for leases having terms of two years or less
- 5% for leases having terms of longer than two years
- 5% for renewal or expansion of existing leases
- 6% for co-brokered leases regardless of term (4% to the outside broker and 2% to the Receiver)

Lease commissions shall be paid one-half at signing and one-half at occupancy from available funds, otherwise they will be reimbursable expenses payable pursuant to paragraph D hereinbelow. The percentages referenced above shall refer to that percentage of the total rent reserved under the full primary term of any new lease or under the additional periods extended any lease renewal or expansion.

The Receiver shall be entitled to a 10% fee for the supervision and coordination of all tenant "finish out", remodeling and/or construction work incidental to new leases and to the renewal and/or expansion of existing leases, payable at the time such work is completed, provided existing funds are available.

The Receiver shall obtain hazard insurance for the Project and in the event continuation of the hazard insurance presently maintained by the defendant is deemed by the Receiver to be in the best interest of the Project, the Receiver shall reimburse the defendant on a monthly basis for insurance premiums previously prepaid by defendant.

B. The Receiver is hereby authorized and directed to prepare and file monthly reports with the Court,

23040951675

summarizing the status of the Project and providing an accounting.

C. The Receiver shall be authorized to employ counsel, accountants and other professional consultants, including lease brokers, of his choice to represent him in all matters deemed necessary by the Receiver, which expenses, subject to approval by the Court, shall constitute a reimbursable expense of the Receiver (subject to the monetary limitation set forth in paragraph D hereof), and shall be paid as set forth more specifically in paragraph D hereof. The receiver shall be authorized to retain maintenance staff and issue necessary contracts for the care and upkeep of the Project, which expenses shall be borne by the receivership from the income from the Project. Where existing service contracts require thirty (30) days' notice (or less) to contractees in order to terminate said contracts without penalty to the defendant, the Receiver shall give such notice to the contractees. The Receiver's travel expenses shall also be reimbursable expenses (also subject to the provisions of paragraph D hereof).

D. In the event the income received from the Project is insufficient to continue operations of the Project, or to allow the Receiver to comply with the orders herein, or to pay the Receiver's fees and expenses authorized in paragraphs A, B and C hereof, then the Receiver is authorized, subject to application and approval by the Court in each instance, to obtain financing to (i) continue operating the Project as set forth in paragraph A hereof and (ii) pay the Receiver's fees and expenses set forth in paragraph A, B and C hereof. The Receiver shall issue Receiver's Certificates to the persons or entities from whom or which he obtains such financing, which Receiver's Certificates shall bear interest at the lowest rate which can be negotiated by the Receiver and which shall be deemed secured by a first lien on the Project. The Receiver's Certificates issued by the Receiver pursuant hereto shall become due and payable, and be paid in full, at the time of any cash sale of the Project,

whether at foreclosure sale or otherwise, but in no event later than twelve (12) months from the date of issuance of Receiver's Certificates. To the extent the Receiver does not receive payment of commissions and/or expenses authorized herein at the time such fees and expenses are payable, the Receiver shall be entitled to interest at the rate of 12% per annum which shall accrue as to all such fees and expenses until payment is ultimately received.

E. This appointment of the Receiver is conditioned upon the filing of a Receiver's Bond in the amount of \$40,000.00, the premium of which may be paid by the plaintiff and reimbursed by the Receiver from the first available funds.

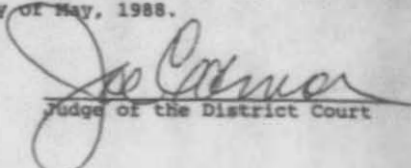
F. Nothing herein shall prevent the Receiver or any party from applying to this Court for such further orders as may be deemed necessary.

G. The Receiver shall be permitted to withdraw, and terminate his receivership, effective upon thirty (30) days prior written notice to the Court and all parties herein and upon hearing and approval by the Court.

H. The Court reserves the right to modify and supplement this Order from time to time as may be deemed necessary and advisable.

IT IS SO ORDERED.

Dated this 13TH day of May, 1988.


Judge of the District Court

23040951676

APPROVED AS TO FORM:

MOCK, SCHWABE, WALDO, ELDER,
REEVES & BRYANT
A Professional Corporation

By: *James E. Waldo*
James E. Waldo - CBA #9278

Fifteenth Floor
One Leadership Square
211 North Robinson
Oklahoma City, Oklahoma 73102
Telephone: (405) 235-5500

ATTORNEYS FOR PLAINTIFF

McAFEE & TAFT

By: *John E. Sargent, Jr.*
John E. Sargent, Jr.

Tenth Floor
Two Leadership Square
211 North Robinson
Oklahoma City, Oklahoma 73102
Telephone: (405) 235-9621

ATTORNEYS FOR DEFENDANT



OKLAHOMA TAX COMMISSION

STATE OF OKLAHOMA

2501 LINCOLN BLVD.
OKLAHOMA CITY, OKLAHOMA 73194405/521-4592
BUSINESS TAX
DIVISION

July 20, 1988

Permit and Licensing Section

93040951678

Hannah D. Atkins
Secretary of State
Room 101, State Capitol Building
Oklahoma City, Ok. 73105

Re: DAVID L. WALTERS INVESTMENTS, INC.

Qualified: 3-28-85

Dear Ms. Atkins:

This is to certify that the files of this office show the referenced corporation has filed a Franchise Tax return for the fiscal year ending June 30, 1988 and has paid the Franchise Tax as shown by said return, and is in good standing until August 31, 1988.

No certification is made as to any corporate Franchise Taxes which may be due but not yet assessed, nor which have been assessed and protested. This letter may not therefore be accepted for purposes of dissolution or withdrawal.

Sincerely,

BUSINESS TAX DIVISION

*Donald J. Woody*Donald J. Woody, Administrator
Permit and Licensing Section

DJW/ jma

That at a meeting of the Board of Directors, a resolution was duly adopted setting forth the foregoing proposed amendment(s) to the Certificate of Incorporation of said corporation, declaring said amendment(s) to be advisable and calling a meeting of the shareholders of said corporation for consideration thereof.

That thereafter, pursuant to said resolution of its Board of Directors, a meeting of the shareholders of said corporation was duly called and held, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment(s).

SUCH AMENDMENT(S) WAS DULY ADOPTED IN ACCORDANCE WITH 18 O.S., 11077.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its Vice President and attested by its Secretary, this _____ day of July, 19 88.

Rhonda G. Walters
By _____ Vice President
Rhonda G. Walters
(PLEASE PRINT NAME)

ATTEST
Rhonda G. Walters

Rhonda G. Walters Secretary
(PLEASE PRINT NAME)

FEE: \$50.00
(Minimum)

FILE IN DUPLICATE

PRINT CLEARLY

SOS CORP. KEY:

AMENDED
CERTIFICATE OF INCORPORATION
(After Receipt of Payment of Stock)

OKLAHOMA SECRETARY OF STATE
JUL 20 1988
FILE
FOR OFFICE USE ONLY

PLEASE NOTE: This form MUST be filed with a letter from the Oklahoma Tax Commission stating the franchise tax has been paid for the current fiscal year. If the authorized capital is increased in excess of fifty thousand dollars (\$50,000.00), the filing fee shall be an amount equal to one-tenth of one percent (1/10 of 1%) of such increase.

TO THE SECRETARY OF STATE OF THE STATE OF OKLAHOMA, 101 State Capitol Bldg., Oklahoma City, OK 73105:

The undersigned Oklahoma corporation, for the purpose of amending its certificate of incorporation as provided by Section 1077 of the Oklahoma General Corporation Act, hereby certifies:

1. A. The name of the corporation is: DAVID L. WALTERS INVESTMENTS, INC.

B. As amended: The name of the corporation has been changed to:

THE WALTERS COMPANY

2. A. No change, as filed X.

B. As amended: The address of the registered office in the State of Oklahoma and the name of the registered agent at such address is:

NAME	STREET ADDRESS (P.O. BOXES ARE <u>NOT</u> ACCEPTABLE)	CITY	COUNTY	ZIP CODE
------	--	------	--------	----------

3. A. No Change, as filed X.

B. As amended: The duration of the corporation is: _____

4. A. No change, as filed X.

B. As amended: The purpose or purposes for which the corporation is formed are:

5. A. No change, as filed X.

B. As amended: The aggregate number of the authorized shares, itemized by class, par value of shares, shares without par value, and series, if any, within a class is:

NUMBER OF SHARES	SERIES	PAR VALUE PER SHARE
------------------	--------	---------------------

Common _____

Preferred _____

TOTAL NO. SHARES: _____

TOTAL AUTHORIZED CAPITAL: _____

23040951680

2304095168 DIC 430414-002

OFFICE OF THE SECRETARY OF STATE



CERTIFICATE OF INCORPORATION

To all to Whom these Presents shall Come. Greetings:

WHEREAS, *The Certificate of Incorporation, duly signed and verified, of*

THE WALTERS COMPANY

has been filed in the office of the Secretary of State as provided by the Laws of the State of Oklahoma.

NOW THEREFORE, *I, the undersigned, Secretary of State of the State of Oklahoma by virtue of the powers vested in me by law, do hereby issue this Certificate of Incorporation.*

IN TESTIMONY WHEREOF, *I hereunto set my hand and cause to be affixed the Great Seal of the State of Oklahoma.*



Filed at the City of Oklahoma City this 20th.
day of July, A.D., 19 88

Hannibal D. Atkins
Secretary of State

By: Fred L. Courtney

FEE: \$10.00

FILE IN DUPLICATE

PRINT CLEARLY

SOS CORP. KEY:

CHANGE OR DESIGNATION
OF
REGISTERED AGENT AND/OR
LOCATION OF REGISTERED OFFICE
(Oklahoma Corporation)



PLEASE NOTE: This form must be filed with a letter from the Oklahoma Tax Commission stating the franchise tax has been paid by the corporation for the current fiscal year.

TO THE SECRETARY OF STATE OF THE STATE OF OKLAHOMA, 101 State Capitol Bldg., Oklahoma City, OK 73105

The undersigned, for the purpose of changing/designating the name of the corporation's registered agent or address of the registered office, or both, in Oklahoma, as provided by Section 1023/1026B. of the Oklahoma General Corporation Act, hereby certifies:

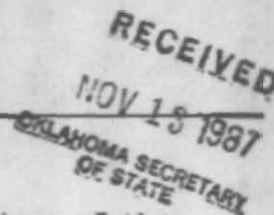
1. The name of the corporation is: DAVID L. WALTERS INVESTMENTS, INC.

2. The location of the registered office is changed to/designated as:

621 N. Robinson, Suite 102	Oklahoma City	Oklahoma	73102
STREET ADDRESS	CITY	COUNTY	ZIP CODE
(P.O. BOXES ARE <u>NOT</u> ACCEPTABLE.)			

3. The name of the registered agent at such address:

David L. Walters



The undersigned hereby further certifies that the Board of Directors of the corporation has authorized the foregoing change(s) by appropriate resolution(s).

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its President and attested by its Secretary, this 12th day of November, 1987.



ATTEST:

Catherine Jenkins

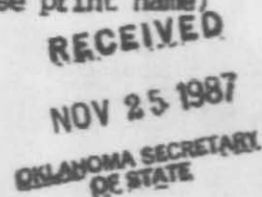
By

Secretary

CATHERINE JENKINS

(Please print name)

By David Walters President
DAVID WALTERS
(Please print name)



(SOS FORM 0056-11/86)

DB 450414-001

9304095168

OKLAHOMA AG/UC/NIC

10-88



OKLAHOMA TAX COMMISSION

STATE OF OKLAHOMA

2501 LINCOLN BLVD.
OKLAHOMA CITY, OKLAHOMA 73194

November 18, 1987

405/521-3279
BUSINESS TAX

DIVISION

Hannah D. Atkins
Secretary of State
Room 101, State Capitol Building
Oklahoma City, Ok. 73105

Re: DAVID L. WALTERS INVESTMENT, INC.

Qualified: 3-28-85

Dear Ms. Atkins:

This is to certify that the files of this office show the referenced corporation has filed a Franchise Tax return for the fiscal year ending June 30, 1988 and has paid the Franchise Tax as shown by said return.

No certification is made as to any corporate Franchise Taxes which may be due but not yet assessed, nor which have been assessed and protested. This letter may not therefore be accepted for purposes of dissolution or withdrawal.

Sincerely,

OKLAHOMA TAX COMMISSION

W. L. McElvany, Director
Business Tax Division

A handwritten signature in cursive script, reading "Debbie L. Kearns".

Debbie Kearns, Supervisor
Permit Processing Section

DLK/ drb

23040951683

AFFIDAVIT AS TO PAID IN CAPITAL

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

The undersigned, of lawful ages, being first duly sworn, each for himself, deposes and says that the undersigned constitute all of the incorporators of David L. Walters Investments, Inc., a proposed Corporation, and that the amount of stated capital with which said Corporation will begin business, as set out in its attached Articles of Incorporation, has been fully paid in.

Lloyd T. Hardin, Jr.
Lloyd T. Hardin, Jr.

C. Ray Lee
C. Ray Lee

Joan M. Howell
Joan M. Howell

Subscribed and sworn to before me this 28th day of March, 1985.

Alicia Z. Newnicky
Notary Public

My Commission Expires:

10-26-86
(SEAL)

93040951684

OFFICE OF THE SECRETARY OF STATE



CERTIFICATE OF INCORPORATION

To all to Whom these Presents shall Come, Greetings:

WHEREAS, Articles of Incorporation duly signed and verified of

DAVID L. WALTERS INVESTMENTS, INC.

have been filed in the office of the Secretary of State as provided by the Laws of the State of Oklahoma.

NOW THEREFORE, I, the undersigned, Secretary of State of the State of Oklahoma by virtue of the powers vested in me by law, do hereby issue this Certificate of Incorporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the Great Seal of the State of Oklahoma.

Filed at the City of Oklahoma City, this 28th.

day of March, A.D. 1985

Jeanette B. Simonson
Secretary of State

By: *David L. Courtney*



ARTICLES OF INCORPORATION
OF
DAVID L. WALTERS INVESTMENTS, INC.
(an Oklahoma Corporation)

STATE OF OKLAHOMA)
) ss
COUNTY OF OKLAHOMA)

TO THE SECRETARY OF STATE OF THE STATE OF OKLAHOMA:

We, the undersigned incorporators,

<u>Name</u>	<u>Address</u>
Lloyd T. Hardin, Jr.	210 West Park Avenue Suite 3000 Oklahoma City, Oklahoma 73102
C. Ray Lees	210 West Park Avenue Suite 3000 Oklahoma City, Oklahoma 73102
JoAn M. Howell	210 West Park Avenue Suite 3000 Oklahoma City, Oklahoma 73102

being persons legally competent to enter into contracts, for the purpose of forming a Corporation under the Business Corporation Act of the State of Oklahoma, do hereby adopt the following Articles of Incorporation:

ARTICLE I

The name of the Corporation is DAVID L. WALTERS INVESTMENTS, INC.

dwm

23040951686

ARTICLE II

The address of the registered office in the State of Oklahoma is 210 West Park Avenue, Suite 3000, Oklahoma City, Oklahoma 73102, and the registered agent is Lloyd T. Hardin, Jr. The place where the principal business is to be transacted is One Park Avenue, Oklahoma City, Oklahoma, 73102, with branch offices at such other places as the directors may determine from time to time.

ARTICLE III

The duration of the Corporation's existence will be perpetual.

ARTICLE IV

The purposes for which the Corporation is formed are as follows:

- A. To engage in all activities in which a corporation can lawfully participate under the laws of the State of Oklahoma as now existing or hereafter enacted;
- B. To buy, sell, lease, assign, convey in trust, pledge, subdivide, exchange, improve, cultivate, develop, maintain, construct, mortgage or otherwise acquire, transfer or encumber, and generally deal in and with any real estate, improved or unimproved, as may be now or hereafter permitted by the Constitution and laws of the State of Oklahoma and wheresoever situated within or without the State of Oklahoma;
- C. To buy, sell, own and exploit letters patent, licenses under letters patent, processes of manufacture, secret or otherwise, copyrights, trademarks, and tradenames and to grant licenses or sublicenses thereunder for any and all lawful considerations, and to hold, own, use and sell rights under such patents, licenses, copyrights, trademarks, and tradenames or processes, or products produced pursuant to the disclosure thereof.
- D. To build, construct, equip, own, control, lease, or otherwise acquire, and operate all kinds and classes of real and

personal property wheresoever situated within or without the State of Oklahoma.

- 23040951638
- E. To acquire by lease, gift or purchase, sell, assign, exchange, convey in trust and pledge all types of transportation equipment necessary for or incident to the transportation and delivery of products and merchandise offered for sale by the Corporation, and to apply for, receive and hold licenses and certificates of convenience and necessity for the operation of transportation facilities for the transportation of the products and merchandise of the Corporation, for its own benefit or for the account of its customers or principals.
 - F. To borrow money with or without evidencing the same with bonds, notes or other evidence of indebtedness, with or without securing the same, and with power to execute mortgages, or deeds of trust, and instruments to secure indebtedness, to loan money upon such security as the Corporation might desire, and to make all necessary contracts either to borrow or to loan money and to secure or take security for the same as the Corporation might desire.
 - G. To subscribe or cause to be subscribed, acquire, hold, encumber, sell or otherwise dispose of or deal in shares of the capital stock, bonds, debentures, notes or other securities or evidence of indebtedness of this Corporation and any other person, corporation, association, trust or other entity, whether domestic or foreign, whether now or hereafter organized and to exercise all the rights, powers and privileges of ownership, and to deal in stocks and securities either as an agent or broker or otherwise.
 - H. To promote or to aid in any manner, financially or otherwise, any person, corporation, association, trust or other entity of which any stocks, bonds or other evidence of indebtedness or securities are held directly or indirectly by the Corporation; and to guarantee the contracts, dividends, stocks, bonds, notes and other obligations of such other persons, corporations, associations, trusts or other entities and to do any other acts or things designed to protect, preserve, improve or enhance the value of such stocks, bonds or other evidence of indebtedness or securities.

- I. To buy, sell, lease, exchange, develop, mortgage or otherwise acquire, transfer or encumber any interests in minerals, and to manage, control and exploit mineral interests and collect the revenue arising therefrom.
- J. To exercise any of the powers, hereinbefore or hereinafter set forth, in conjunction with others, in the capacity of principal, agent, partner, stockholder, or holder of any interest in shares of stock, joint venturer or as a member of a partnership, syndicate or pool, for the Corporation or others.
- K. To do all things necessary or convenient for the accomplishment of any of the foregoing purposes, and to have and exercise all powers conferred by the laws of Oklahoma upon corporations, as such laws are now in effect or may at any time hereafter be amended.

ARTICLE V

The aggregate number of shares which the corporation shall have authority to allot is three thousand (3,000) shares of common stock of the par value of One Dollar (\$1.00) each.

ARTICLE VI

The amount of stated capital with which the Corporation will begin business is Five Hundred Dollars (\$500.00) which has been fully paid in.

ARTICLE VII

There will be allotted by the Corporation before business is conducted five hundred (500) shares of common stock, and the consideration to be received by the Corporation therefor will be the sum of Five Hundred Dollars (\$500.00).

ARTICLE VIII

The number of directors to be elected at the first meeting of shareholders is three (3).

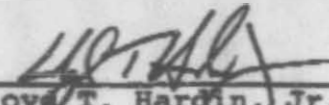
23040951620

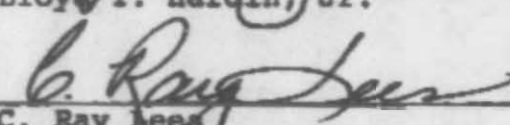
ARTICLE IX

The following provisions for the regulation of the internal affairs of the Corporation are hereby adopted:

- A. The Bylaws for the governing of the Corporation may be adopted, amended, altered, repealed or readopted by the Board of Directors (the "Board") at any stated or special meeting of the Board, but the powers of the Board will at all times be subject to the right of the shareholders to alter or repeal the Bylaws at any annual or special meeting of shareholders, and the power of the Board will not extend to any amendment of the Bylaws respecting the number, qualifications or term of office of the members of the Board.
- B. The Board shall have all of the powers with respect to the capital stock of the Corporation which are permitted by Title 18, Okla.Stat. 1981, Section 1.74.
- C. The directors of the Corporation will receive such compensation for their services as may be approved from time to time by the shareholders of the Corporation.
- D. An executive committee or committees of the Board with powers not in excess of those authorized by law, may be established and authorized from time to time by resolution adopted by a majority of the Board.
- E. An annual or special meeting of the shareholders of the Corporation may be held at such place as is designated by resolution of the Board and stated in the call and notice of such meeting.
- F. An annual meeting of the shareholders of the Corporation will be held in each calendar year, but the date of such annual meeting will be fixed and may be changed from time to time by the Bylaws or amendments thereto.
- G. The first meeting of the Board elected at any annual meeting of the shareholders will be held at the same place as the annual meeting of shareholders, immediately following the adjournment thereof, without notice other than this provision of these Articles of Incorporation.

- H. Every shareholder will have the right to vote the number of shares of stock owned by him for as many persons as there are directors to be elected, or to accumulate said shares and give one candidate as many votes as the number of directors multiplied by the number of such shareholder's shares of stock shall equal or to distribute such votes on the same principle among as many candidates as such shareholder might determine.
- I. Each shareholder of the Corporation will be entitled to full preemptive or preferential rights as defined by Title 18, Okla.Stat. 1979, Section 1.2 (19) to purchase and/or subscribe for a proportionate part of any shares or securities convertible into shares which might be issued at any time by the Corporation.
- J. No right to dissent shall exist on behalf of any shareholders as to any specified corporate action or as to all corporate action if such action be approved by the vote or written consent of the holders of at least ninety percent (90%) of all outstanding shares of the corporation, or on behalf of the holders of the shares of any class or classes if such corporate action be approved by the vote or written consent of the holders of at least ninety percent (90%) of all outstanding shares and of at least three-fourths of the shares of such class or classes.


 Lloyd T. Hardin, Jr.


 C. Ray Lees

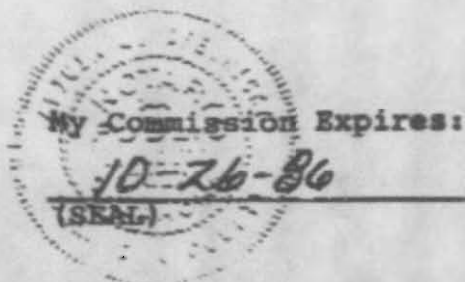

 John M. Howell

(All of the Incorporators)

93040951621

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

The foregoing instrument was acknowledged before me
this 28th day of March, 1985, by Lloyd T. Hardin, Jr., C. Ray
Lees and JoAn M. Howell.



Alicia Z. Newberry
Notary Public

23040951692

RECEIVED
F.E.C.
SECRETARIAT
BEFORE THE FEDERAL ELECTION COMMISSION

91 OCT -2 PH 4:30

In the Matter of)
)
Dukakis For President Committee)
and Robert A. Farmer, as treasurer)
)
GSMI, Inc.)
)
David Walters)

MUR 3143

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 26, 1991, the Commission found reason to believe the Dukakis For President Committee (the "Committee") and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a prohibited in-kind contribution in the form of discounted rent from GSMI, Inc. The Commission further found reason to believe that GSMI, Inc. violated 2 U.S.C. § 441b(a) by making the prohibited contribution. The Commission decided to take no action at that time with regard to David Walters, who had served both as GSMI's receiver and as state chairman of the Dukakis presidential campaign in Oklahoma at the time of the Committee's lease.

Notification of the Commission's reason to believe findings, including interrogatories and document requests, were mailed to the Committee and David Walters, on behalf of GSMI, on May 20, 1991.

The Committee responded through counsel on June 6, 1991. Attachment 1. In response, counsel stated that the rental of

93040951693

93040951624

the office space was handled entirely by David Walters and any relevant documents are in Walters' possession. The Committee also stated that it has been advised by counsel for Mr. Walters that he had filed a final report regarding his receivership with the Oklahoma state court which appointed him and that the court had accepted his report, discharged him and released the \$40,000 bond Walters had posted. The Committee argues that the Commission should not substitute its judgment for that of the state court, which purportedly reviewed the financial transactions in detail and found that Walters fulfilled his duties as receiver by maximizing the property's income. Attached to the Committee's response were 41 pages of documents relating to financial transactions between the Committee and David Walters or The Walters Company, a corporation for which David Walters serves as President and Registered Agent. As discussed below, these documents raise additional legal questions.

To date, counsel for David Walters has submitted two responses to the Commission, but has not provided answers to the interrogatories or the requested documents. Attachments 2 and 3. In the first letter, dated May 23, 1991, counsel for Walters expressed his strong displeasure regarding the Commission's reason to believe finding. Attachment 2 at 1.

This letter was followed by several telephone conversations initiated by Walters' attorney, Thomas Seymour, in which Seymour proposed various factual and legal arguments and unsuccessfully sought this Office's opinion regarding the consequences of each.

Counsel's second letter, dated June 4, 1991, attempts to bring a "highly important dispositive matter" to our attention. Attachment 3 at 1. The letter asserts that David Walters was not receiver of GSMI, Inc. as we had originally believed, but instead was receiver for only a specific piece of property owned by GSMI, Inc., i.e. the One Western Plaza Building.¹ This seems to be confirmed by a careful reading of the court order previously obtained by the Commission. See Attachment 3 at 3. Walters' attorney therefore contends that Walters' activities cannot result in a prohibited contribution by the corporation. In counsel's view, Attachment 3 at 1-2 (emphasis in original),

[a]ny act of defalcation on the part of a receiver is not the responsibility of the party who formerly had the care, custody and control of the property and has legal title throughout the receivership (in this case, GSMI). It is the responsibility of the receiver, and that is why he must post a bond. Accordingly, the receiver acts only and at all times as receiver, not as the displaced corporation.

1. During one of the telephone conversations with this Office, Walters' attorney represented that the property was forced into receivership when a lender foreclosed on the mortgage. The attorney speculated that the property was subsequently sold at a sheriff's sale and perhaps was purchased by either the lender or GSMI, but he has not provided any further information.

Counsel maintains that Walters acted for himself, subject to court supervision. By clear implication, counsel's argument is that Walters is the proper respondent in this matter.²

At the same time, however, counsel concedes that GSMI maintained legal title to the One Western Plaza Building during the receivership. Attachment 3 at 1.

II. DISCUSSION

A. The Lease

Based on this Office's examination of receivership law, both generally and in Oklahoma, it appears that when a piece of property is in the hands of a receiver, the person or corporation that owns it has no control over the receiver. Therefore, the corporation or person is not personally liable for the contractual undertakings of the receiver, although a certain limited liability can exist if the property is returned to the corporation or person following the termination of the receivership. 66 Am. Jur. 2d Receivers § 358 (1973). Liability can also be imposed by a statute or an agreement to the contrary. Furthermore, the property itself is liable unless it is sold free therefrom. 66 Am. Jur. 2d Receivers § 357 (1973).

It further appears that a receiver is not individually liable on contracts made in his official capacity with the

2. In fact, counsel indicated to staff of this Office in a June 3, 1991 telephone conversation that Walters might be more inclined to answer the questions previously sent to Walters on behalf of GSMI if he was a named party.

93040951696

23040951697
court's approval. 1 H. Tardy, Law and Procedure of Receivers § 38 (1920). However, a receiver may be personally liable on a contract entered into by him without the sanction of the court. Id. This is true even though the contract relates to a matter that is within the scope of the receivership. Id.

Regardless, it is possible that the legal implications of the lease in question differ under the Federal Election Campaign Act of 1971, as amended (the "Act"). Furthermore, it has long been this Office's position that a court's approval of a questioned activity in another context should not affect one's liability under the Act. In this regard, David Walters may be liable for the alleged prohibited contribution, in addition to GSMI, Inc.

In prohibiting corporate contributions and expenditures, the Act imposes liability on both the corporate officers and on the corporation itself. See 2 U.S.C. § 441b(a). The Act acknowledges the fact that a corporation can only act through its officers and other agents and that these actions can be imputed to the corporation itself.

David Walters was the court-appointed Receiver for GSMI. See Attachment 4. As such, Walters was charged with collecting, holding, preserving and managing the Western Plaza Building in Oklahoma City, Oklahoma to the best

23040951698

advantage of the same. In this regard, Walters was responsible for collecting rental income, paying taxes, procuring insurance, paying expenses, making repairs and executing leases. In compensation for these services, Walters received the greater of (a) \$1,000 per month or (b) five (5%) of revenues collected that month. Additionally, Walters received leasing commissions for the renewal or extension of any existing leases in the building and a 10% fee for overseeing the remodeling/construction work incidental to new leases. Walters appointment as Receiver became effective upon Walters' posting of a \$40,000 bond. Walters' duties and obligations as Receiver for GSMI were analogous to those of a corporate officer or director. Furthermore, Walters' attorney has plainly indicated to this Office that Walters may be more willing to answer the questions if he was a named respondent and has also implied that Walters may be the appropriate respondent. Therefore, this Office recommends that the Commission find reason to believe that Walters' violated 2 U.S.C. § 441b(a) by consenting to said prohibited in-kind contribution by GSMI. Furthermore, this Office recommends that the Commission find reason to believe that the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b(a) by accepting this contribution.

B. Reimbursements

23040951699

The Federal Election Campaign Act of 1971, as amended (the "Act"), states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1). The Act further states that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. 2 U.S.C. § 441b(a). 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). For purposes of corporations, the term "contribution" includes 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 Federal office. 2 U.S.C. § 441b(b)(2).

In addition to the rent issue, the Committee's response has presented this Office with an additional query. The documents submitted by the Committee as part of its response indicate that \$3,200 was paid to The Walters Company, a

Missouri corporation for which David Walters serves as the President and Registered Agent, out of the Committee's general election funds. The stated purpose of the payments included office supplies, travel, Democratic National Convention expenses, and office expense reimbursements.³ According to computerized financial information previously provided to the Audit Division by the Committee, approximately \$1,500 in payments were similarly made to The Walters Company for travel, postage and telephone during the presidential primary season. In addition, approximately \$7,000 in payments to David Walters for reimbursements, postage, casual services, and media placement were also reported during the primary season.⁴ These payments are summarized below:

PRIMARY FUNDS:

I. Payments To David Walters

Date	Amount	Stated Purpose
11/18/87	\$ 1,366.93	Travel- Reimbursement
1/25/88	\$ 500.00	Filing Fees
6/6/88	\$ 3,600.00	Casual Services
6/6/88	\$ 2.42	Postage and Delivery
6/6/88	\$ 501.83	Printing and Reproduction
6/6/88	\$ 360.50	Travel- Reimbursement
6/6/88	\$ 397.50	Media Placement- Radio
TOTAL: \$ 6,729.18		

3. These possibly include the rental payments for the office space at issue in this matter; however, we have never been expressly told that any rental payments were ever made.

4. The Audit Division informed us that these disbursements were not included in the sampling of transactions examined during the course of the Commission's audit of the campaign. The Audit Division further stated that if the disbursements had been examined, they would have been questioned.

23040951700

II. Payments to The Walters Company

Date	Amount	Stated Purpose
2/29/88	\$ 40.00	Travel- Buses
6/6/88	\$ 112.73	Postage and Delivery
6/6/88	\$ 1,384.96	Telephone
TOTAL: \$ 1,537.69		

GENERAL FUNDS:

I. Payments to The Walters Company

Date	Amount	Stated Purpose
11/14/88	\$ 140.16	Office Supplies
11/14/88	\$ 526.70	Travel- Reimbursement
11/14/88	\$ 835.21	Dem. Nat'l Conv. Exp.
11/14/88	\$ 2.35	Volunteer Expense
11/14/88	\$ 247.22	Instate Travel
11/14/88	\$ 426.54	Travel/Meeting Expense
11/14/88	\$ 841.82	Office Expense- Reimbursement
TOTAL: \$ 3,020.00		

At this point, the ordinary business transactions of The Walters Company are unknown. In this regard, it is also unknown whether the extension of credit for things such as postage, travel, telephone, and office expenses is in the ordinary course of business for The Walters Company. The Walters Company's purpose, as listed in its incorporation papers provided to this Office by the Oklahoma Secretary of State, is extremely broad.

Based on the foregoing information, it appears that The Walters Company and David Walters, personally, provided advances to the Committee totaling \$11,286.87 -- \$4,557.69 by the corporation and \$6,729.18 by Mr. Walters. In the case of David Walters, this far exceeds his individual contribution limit. Therefore, this Office recommends that the Commission find reason to believe that The Walters Company violated

93040951701

2 U.S.C. § 441b(a) by advancing money to the Dukakis For President Committee. In addition, this Office recommends that the Commission find reason to believe that David Walters violated 2 U.S.C. § 441a(a)(1) by contributing in excess of \$1,000 to the Dukakis For President Committee. Accordingly, this Office further recommends that the Commission find reason to believe that the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a) by accepting the prohibited and excessive contributions.

III. RECOMMENDATIONS

1. Find reason to believe that David Walters violated 2 U.S.C. §§ 441a(a)(1) and 441b(a).
2. Find reason to believe The Walters Company violated 2 U.S.C. § 441b(a).
3. Find reason to believe the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a).
4. Approve the attached Factual and Legal Analysis and the appropriate letters.

Lawrence M. Noble
General Counsel

10/2/91
Date

BY:

Lois G. Lerner
Lois G. Lerner
Associate General Counsel

Attachments

1. Committee's Response, dated June 5, 1991
2. Walters' initial correspondence, dated May 23, 1991
3. Walters' second correspondence, dated June 4, 1991
4. Factual and Legal Analyses (3)

Staff assigned: Dodie C. Kent

93040951702



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. FAISON
COMMISSION SECRETARY

DATE: OCTOBER 7, 1991

SUBJECT: MUR 3143 - GENERAL COUNSEL'S REPORT
DATED OCTOBER 2, 1991. *OP*

The above-captioned document was circulated to the
Commission on THURSDAY, OCTOBER 3, 1991 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	_____
Commissioner McDonald	XXX
Commissioner McGarry	_____
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda
for _____.

Please notify us who will represent your Division before the
Commission on this matter.

23040951703

C6C

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3143
Dukakis For President Committee and)
Robert A. Farmer, as treasurer;)
GSMI, Inc.;)
David Walters.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on October 22, 1991, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 3143:

1. Find reason to believe that David Walters violated 2 U.S.C. §§ 441a(a))1) and 441b(a).
2. Find reason to believe The Walters Company violated 2 U.S.C. § 441b(a).
3. Find reason to believe the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a).

(continued)

93040951704

4. Approve the Factual and Legal Analysis and the appropriate letters as recommended in the General Counsel's report dated October 2, 1991.

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

Attest:

10-22-91
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

93040951705



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 8, 1991

R. Thomas Seymour, Esq.
Suite 230
Mid-Continent Tower
Tulsa, OK 74103

RE: MUR 3143
David Walters

Dear Mr. Seymour:

On October 23, 1990, the Federal Election Commission notified your client, David Walters, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on October 22, 1991, found that there is reason to believe David Walters violated 2 U.S.C. §§ 441a(a)(1) and 441b(a), provisions of 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 David Walters. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with answers to the enclosed questions within 15 days of 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 David Walters, 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

93040951706

R. Thomas Seymour, Esq.
Page Two

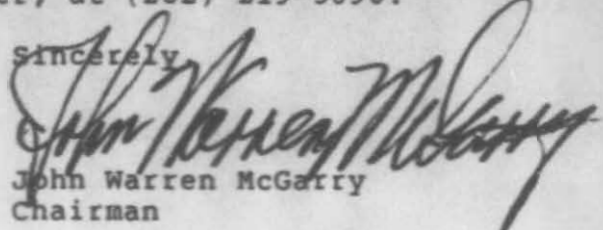
recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for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

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

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 matter to be made public.

If you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,


John Warren McGarry
Chairman

Enclosures
Questions
Factual & Legal Analysis

93040951707

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) MUR 3143
)

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: David Walters
c/o R. Thomas Seymour, Esq.
Suite 230
Mid-Continent Tower
Tulsa, OK 74103

93040951708
In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

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

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full

after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

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

The discovery request refers to the time period stated.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

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

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

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

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

93040951709

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

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

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

93040951710

QUESTIONS AND DOCUMENT REQUESTS

1. State whether GSMI, Inc. owned any commercial properties in Oklahoma City during 1988, other than the building located at 5500 North Western, Oklahoma City, Oklahoma.

(a) If so, state the average rate charged per square foot in those buildings during 1988 and provide documentation of the same.

2. In regard to the tenant who proceeded the Dukakis For President Committee in the office space leased by the Dukakis Committee at 5500 North Western, Oklahoma City, Oklahoma, state who funded the \$25,188 tenant improvements mentioned in your affidavit dated November 29, 1990.

3. Produce all documents which in any way relate or refer to the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma by you, as Receiver for GSMI, Inc., to the Dukakis For President Committee.

4. Produce all documents which in any way relate or refer to any other agreements or understandings made between the Dukakis For President Committee and you, as Receiver, concerning the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

5. State how long the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma was vacant prior to the Dukakis For President Committee tenancy.

6. State whether a real estate broker was used in connection with the Dukakis For President Committee lease.

7. In regard to the Dukakis For President Committee lease, state whether the District Court of Oklahoma County was requested to review the lease agreement. If so, provide all documents which in any way relate or refer to such approval.

8. Supply copies of all other leases and any terms not contained in those leases for rentals located at 5500 North Western, Oklahoma City, Oklahoma during your tenure as Receiver for GSMI, Inc.

(a) State whether these leases were procured with or without the assistance of a real estate broker.

(b) State whether these tenants were provided any months free of rent.

(c) State whether any improvements were made on these properties to induce the signing of each respective lease; and, if so, state who funded said improvements.

9. State what actions were taken by you, as Receiver, to procure a new tenant following the Dukakis For President Committee tenancy.

93040951711

10. Produce all documents which in any way relate or refer to the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma by you, as Receiver, to the tenant who followed the Dukakis For President Committee.

11. State whether you currently serve as Receiver for GSMI, Inc.

(a) If not, state when and under what circumstances your appointment as Receiver for GSMI ended

12. State whether GSMI, Inc. is currently in receivership.

13. Describe all relationships you have had and/or currently have with GSMI, Inc.

14. At the time of the Dukakis lease, state whether you consulted with anyone regarding the appropriate rental to be charged. If so, state the details of all such communications, including the identity of each person with whom you consulted or otherwise discussed the Dukakis lease at that time.

15. Produce all documents which in any way relate or refer to the reimbursements described on page four of the enclosed Factual and Legal Analysis, including but not limited to canceled checks, invoices and reimbursement requests.

16. Describe the circumstances surrounding the transactions delineated on page four of the enclosed Factual and Legal Analysis.

93040951712

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: David Walters

MUR: 3143

A. The Lease

Based on the Commission's examination of receivership law, both generally and in Oklahoma, it appears that when a piece of property is in the hands of a receiver, the person or corporation that owns it has no control over the receiver. Therefore, the corporation or person is not personally liable for the contractual undertakings of the receiver, although a certain limited liability can exist if the property is returned to the corporation or person following the termination of the receivership. 66 Am. Jur. 2d Receivers § 358 (1973). Liability can also be imposed by a statute or an agreement to the contrary. Furthermore, the property itself is liable unless it is sold free therefrom. 66 Am. Jur. 2d Receivers § 357 (1973).

It further appears that a receiver is not individually liable on contracts made in his official capacity with the court's approval. 1 H. Tardy, Law and Procedure of Receivers § 38 (1920). However, a receiver may be personally liable on a contract entered into by him without the sanction of the court. Id. This is true even though the contract relates to a matter that it within the scope of the receivership. Id.

93040951713

Regardless, it is possible that the legal implications of the lease in question differ under the Federal Election Campaign Act of 1971, as amended (the "Act"). In this regard, David Walters may be liable for the alleged prohibited contribution, in addition to GSMI, Inc.

In prohibiting corporate contributions and expenditures, the Act imposes liability on both the corporate officers and on the corporation itself. See 2 U.S.C. § 441b(a). The Act acknowledges the fact that a corporation can only act through its officers and other agents and that these actions can be imputed to the corporation itself.

David Walters was the court-appointed Receiver for GSMI. As such, Walters was charged with collecting, holding, preserving and managing the Western Plaza Building in Oklahoma City, Oklahoma to the best advantage of the same. In this regard, Walters was responsible for collecting rental income, paying taxes, procuring insurance, paying expenses, making repairs and executing leases. In compensation for these services, Walters received the greater of (a) \$1,000 per month or (b) five (5%) of revenues collected that month. Additionally, Walters received leasing commissions for the renewal or extension of any existing leases in the building and a 10% fee for overseeing the remodeling/construction work

93040951714

incidental to new leases. Walters' appointment as Receiver became effective upon Walters' posting of a \$40,000 bond. Thus, Walters' duties and obligations as Receiver for GSMI were analogous to those of a corporate officer or director. Therefore, there is reason to believe that Walters' violated 2 U.S.C. § 441b(a) by consenting to said prohibited in-kind contribution by GSMI.

B. Reimbursements

23040951715
The Federal Election Campaign Act of 1971, as amended (the "Act"), states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1). The Act further states that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. 2 U.S.C. § 441b(a). 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).

According to computerized financial information previously provided to the Audit Division by the Committee, approximately \$7,000 in payments to David Walters for reimbursements, postage, casual services, and media placement were reported during the presidential primary season. These payments are summarized below:

<u>Date</u>	<u>Amount</u>	<u>Stated Purpose</u>
11/18/87	\$ 1,366.93	Travel- Reimbursement
1/25/88	\$ 500.00	Filing Fees
6/6/88	\$ 3,600.00	Casual Services
6/6/88	\$ 2.42	Postage and Delivery
6/6/88	\$ 501.83	Printing and Reproduction
6/6/88	\$ 360.50	Travel- Reimbursement
6/6/88	\$ 397.50	Media Placement- Radio
TOTAL: \$ 6,729.18		

Based on the foregoing information, it appears that David Walters provided advances to the Committee totaling \$6,729.18. This far exceeds Mr. Walters' individual contribution limit. Therefore, there is reason to believe that David Walters violated 2 U.S.C. § 441a(a)(1) by contributing in excess of \$1,000 to the Dukakis For President Committee.

23040951716



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 8, 1991

David Walters, Registered Agent
The Walters Company
621 North Robinson
Oklahoma City, OK 73102

RE: MUR 3143
The Walters Company

Dear Mr. Walters:

On October 22, 1991, the Federal Election Commission found that there is reason to believe The Walters Company 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 Walters Company. 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, along with answers to the enclosed questions, 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 Walters Company, 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.

93040951717

David Walters
Page Two

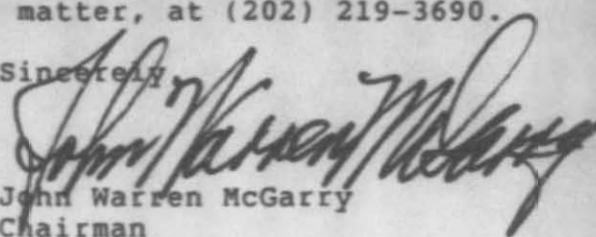
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 Dodie C. Kent, 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
Questions

93040951718

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
) MUR 3143
)
)

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: David Walters, Registered Agent
The Walters Company
621 North Robinson
Oklahoma City, OK 73102

23040951719
In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

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

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

93040951720

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

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

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

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

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

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

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

93040951721

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

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

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

QUESTIONS AND DOCUMENT REQUESTS

1. Describe the type of business which The Walters Company conducts on a daily basis.
2. Produce all documents which in any way relate or refer to the reimbursements described on page two of the enclosed Factual and Legal Analysis, including but not limited to canceled checks, invoices and reimbursement requests.
3. Describe the circumstances surrounding the transactions delineated on page two of the enclosed Factual and Legal Analysis, including but not limited to the name(s) of the person(s) who authorized the initial expenditures by The Walters Company and the name(s) of person(s) who served as The Walters Company's contact within the Dukakis For President Committee.

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: The Walters Company

MUR: 3143

23040951722

The Federal Election Campaign Act of 1971, as amended (the "Act"), states that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. 2 U.S.C. § 441b(a). For purposes of corporations, the term "contribution" includes 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 Federal office. 2 U.S.C. § 441b(b)(2).

Information obtained by the Commission in investigation of the above captioned matter indicates that \$3,200 was paid to The Walters Company, a Missouri corporation, out of the Dukakis For President Committee's general election funds. The stated purpose of the payments included office supplies, travel, Democratic National Convention expenses, and office expense reimbursements. Furthermore, according to computerized financial information previously provided to the Audit Division by the Dukakis For President Committee, approximately \$1,500 in payments were similarly made to The Walters Company for travel, postage and telephone during the presidential primary season. These payments are summarized below:

PRIMARY FUNDS:

Payments to The Walters Company

<u>Date</u>	<u>Amount</u>	<u>Stated Purpose</u>
2/29/88	\$ 40.00	Travel- Buses
6/6/88	\$ 112.73	Postage and Delivery
6/6/88	\$ 1,384.96	Telephone
TOTAL: \$ 1,537.69		

GENERAL FUNDS:

Payments to The Walters Company

<u>Date</u>	<u>Amount</u>	<u>Stated Purpose</u>
11/14/88	\$ 140.16	Office Supplies
11/14/88	\$ 526.70	Travel- Reimbursement
11/14/88	\$ 835.21	Dem. Nat'l Conv. Exp.
11/14/88	\$ 2.35	Volunteer Expense
11/14/88	\$ 247.22	Instate Travel
11/14/88	\$ 426.54	Travel/Meeting Expense
11/14/88	\$ 841.82	Office Expense- Reimbursement
TOTAL: \$ 3,020.00		

At this point, the ordinary business transactions of The Walters Company are unknown. In this regard, it is also unknown whether the extension of credit for things such as postage, travel, telephone, and office expenses is in the ordinary course of business for The Walters Company. The Walters Company's purpose, as listed in its incorporation papers provided to the Commission by the Oklahoma Secretary of State, is extremely broad.

Based on the foregoing information, it appears that The Walters Company provided advances to the Dukakis For President Committee totaling \$4,557.69. Therefore, there is reason to believe that The Walters Company violated 2 U.S.C. 441b(a) by making prohibited contribution in the form of advances to the Dukakis For President Committee.

93040951723



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 8, 1991

Carol Darr, Esq.
Dukakis For President Committee
2123 R Street, N.W.
Washington, D.C. 20008

RE: MUR 3143
Dukakis For President
Committee and Robert A.
Farmer, as treasurer

Dear Ms. Darr:

On October 23, 1990, the Federal Election Commission notified your clients of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on October 22, 1991, found that there is reason to believe the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. §§ 441a(f) by accepting excessive contributions from David Walters in the form of advances and 441b(a) by accepting a prohibited contribution from David Walters, receiver for GSMI, in the form of discounted rent and from The Walters Company in the form of advances. Both sections are provisions of 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 Dukakis For President Committee and Robert A. Farmer, 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 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 Robert A. Farmer, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

93040951724

Carol Darr, Esq.
Page Two

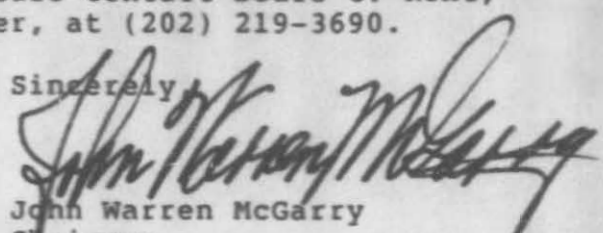
If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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

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 matter to be made public.

If you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,


John Warren McGarry
Chairman

Enclosures
Factual & Legal Analysis

93040951725

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Dukakis For President Committee MUR: 3143
and Robert A. Farmer, as treasurer

A. The Lease

Based on the Commission's examination of receivership law, both generally and in Oklahoma, it appears that when a piece of property is in the hands of a receiver, the person or corporation that owns it has no control over the receiver. Therefore, the corporation or person is not personally liable for the contractual undertakings of the receiver, although a certain limited liability can exist if the property is returned to the corporation or person following the termination of the receivership. 66 Am. Jur. 2d Receivers § 358 (1973). Liability can also be imposed by a statute or an agreement to the contrary. Furthermore, the property itself is liable unless it is sold free therefrom. 66 Am. Jur. 2d Receivers § 357 (1973).

It further appears that a receiver is not individually liable on contracts made in his official capacity with the court's approval. 1 H. Tardy, Law and Procedure of Receivers § 38 (1920). However, a receiver may be personally liable on a contract entered into by him without the sanction of the court. Id. This is true even though the contract relates to a matter that it within the scope of the receivership. Id.

93040951726

Regardless, it is possible that the legal implications of the lease in question differ under the Federal Election Campaign Act of 1971, as amended (the "Act"). In this regard, David Walters may be liable for the alleged prohibited contribution, in addition to GSMI, Inc.

In prohibiting corporate contributions and expenditures, the Act imposes liability on both the corporate officers and on the corporation itself. See 2 U.S.C. § 441b(a). The Act acknowledges the fact that a corporation can only act through its officers and other agents and that these actions can be imputed to the corporation itself.

David Walters was the court-appointed Receiver for GSMI. As such, Walters was charged with collecting, holding, preserving and managing the Western Plaza Building in Oklahoma City, Oklahoma to the best advantage of the same. In this regard, Walters was responsible for collecting rental income, paying taxes, procuring insurance, paying expenses, making repairs and executing leases. In compensation for these services, Walters received the greater of (a) \$1,000 per month or (b) five (5%) of revenues collected that month. Additionally, Walters received leasing commissions for the renewal or extension of any existing leases in the building and a 10% fee for overseeing the remodeling/construction work

93040951727

incidental to new leases. Walters appointment as Receiver became effective upon Walters' posting of a \$40,000 bond.

Walters' duties and obligations as Receiver for GSMI were analogous to those of a corporate officer or director. Therefore, Walters may have made a prohibited contribution to the Dukakis For President Committee (the "Committee") in the form of discounted rent. Therefore, there is reason to believe that the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b(a) by accepting the prohibited contribution in the form of discounted rent from David Walters.

B. Reimbursements

The Federal Election Campaign Act of 1971, as amended (the "Act"), states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1). The Act further states that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. 2 U.S.C. § 441b(a). 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). For purposes of corporations, the term "contribution" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any

93040951728

candidate, campaign committee, or political party or organization, in connection with any election to Federal office. 2 U.S.C. § 441b(b)(2).

In addition to the rent issue, the Committee's response has presented the Commission with an additional query. The documents submitted by the Committee as part of its response indicate that \$3,200 was paid to The Walters Company, a Missouri corporation for which David Walters serves as the President and Registered Agent, out of the Committee's general election funds. The stated purpose of the payments included office supplies, travel, Democratic National Convention expenses, and office expense reimbursements.¹ According to computerized financial information previously provided to the Audit Division by the Committee, approximately \$1,500 in payments were similarly made to The Walters Company for travel, postage and telephone during the presidential primary season. In addition, approximately \$7,000 in payments to David Walters for reimbursements, postage, casual services, and media placement were also reported during the primary season. These payments are summarized below:

PRIMARY FUNDS:

I. Payments To David Walters

<u>Date</u>	<u>Amount</u>	<u>Stated Purpose</u>
11/18/87	\$ 1,366.93	Travel- Reimbursement
1/25/88	\$ 500.00	Filing Fees
6/6/88	\$ 3,600.00	Casual Services

1. These possibly include the rental payments for the office space at issue in this matter, however, we have never been expressly told that any rental payments were ever made.

93040951729

(cont'd)

6/6/88	\$ 2.42	Postage and Delivery
6/6/88	\$ 501.83	Printing and Reproduction
6/6/88	\$ 360.50	Travel- Reimbursement
6/6/88	\$ 397.50	Media Placement- Radio
TOTAL: \$ 6,729.18		

II. Payments to The Walters Company

Date	Amount	Stated Purpose
2/29/88	\$ 40.00	Travel- Buses
6/6/88	\$ 112.73	Postage and Delivery
6/6/88	\$ 1,384.96	Telephone
TOTAL: \$ 1,537.69		

GENERAL FUNDS:

I. Payments to The Walters Company

Date	Amount	Stated Purpose
11/14/88	\$ 140.16	Office Supplies
11/14/88	\$ 526.70	Travel- Reimbursement
11/14/88	\$ 835.21	Dem. Nat'l Conv. Exp.
11/14/88	\$ 2.35	Volunteer Expense
11/14/88	\$ 247.22	Instate Travel
11/14/88	\$ 426.54	Travel/Meeting Expense
11/14/88	\$ 841.82	Office Expense- Reimbursement
TOTAL: \$ 3,020.00		

At this point, the ordinary business transactions of The Walters Company are unknown. In this regard, it is also unknown whether the extension of credit for things such as postage, travel, telephone, and office expenses is in the ordinary course of business for The Walters Company. The Walters Company's purpose, as listed in its incorporation papers provided to the Commission by the Oklahoma Secretary of State, is extremely broad.

Based on the foregoing information, it appears that The Walters Company and David Walters, personally, provided advances to the Committee totaling \$11,286.87 -- \$4,557.69 by the corporation and \$6,729.18 by Mr. Walters. In the case of David Walters, this amount far exceeds his contribution

93040951730

limit. Therefore, there is reason to believe that the Dukakis For President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a) by accepting these prohibited and excessive contributions.

23040951731

OC 3627

R. THOMAS SEYMOUR
ATTORNEYS
SUITE 230
MID-CONTINENT TOWER
TULSA, OKLAHOMA 74103

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 DEC -5 AM 10:23

R. THOMAS SEYMOUR
SHERRY N. TAYLOR
OF COUNSEL
DAVID BOOTH

TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

December 2, 1991

Dodie Kent, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C.

RE: MUR 3143

Dear Ms. Kent:

Request is made for an extension of 30 days from December 2, 1991 in which to reply to the letter of November 8, 1991 from John Warren McGarry in respect to the referenced matter. This request is based on two equally dispositive grounds. First, the travel schedule of Governor Walters and my own travel schedule has precluded any opportunity for me to visit with the Governor about this matter, or to collect any documents. Second, and perhaps most important, we enclose a copy of the letter we are sending to Chairman McGarry today, disclosing the error in the factual and legal analysis used by the Commission in determining to proceed in this matter at its October 22, 1991 meeting. I do not represent GMSI, nor have I ever. Governor Walters has never been the receiver for GMSI. Governor Walters was the receiver for a specific piece of property, not for a corporation. There are particular requirements to be met for receivers for corporations, and particular procedures that have to be satisfied. Those never existed.

Please advise. I would appreciate a telephone call today, in any event, even if you do not have an answer, so that we might visit a bit about several matters. Under the circumstances, however, I thought it best to get this and the enclosure to you in writing before we talked.

Sincerely yours,

R. Thomas Seymour
R. THOMAS SEYMOUR

RTS:vp

Walters:ji

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

91 DEC -5 PM 12:09

23040951732



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 10, 1991

R. Thomas Seymour
Suite 230
Mid-Continent Tower
Tulsa, OK 74103

RE: MUR 3143
David Walters

Dear Mr. Seymour:

This is in response to your letter dated December 2, 1991, which we received on December 5, 1991, requesting an extension of 30 days to respond to the Commission's reason to believe finding. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on January 2, 1992.

If you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in cursive script, which appears to read "Anne Weissenborn", is written over the typed name of the General Counsel.

BY: Anne Weissenborn
Acting Assistant General Counsel

93040951733

R. THOMAS SEYMOUR

ATTORNEYS

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

OF COUNSEL
DAVID BOOTH

TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

December 2, 1991

Mr. John Warren McGarry
Chairman
Federal Election Commission
999 E Street N.W.
Washington, D.C. 20463

RE: MUR 3143

Dear Mr. McGarry:

On November 8, 1991 you wrote to me, saying that on October 22, 1991 the Commission found that there is reason to believe that David Walters violated provisions of the Federal Election Campaign Act of 1971, as amended. In support of that finding, you enclosed a copy of the "factual and legal analysis" relied on by the Commission in making its finding.

On p. 2 of the "factual and legal analysis", the statement is made:

David Walters was the court-appointed Receiver for GMSI.

On p. 3 of the "factual and legal analysis", the statement is made:

Walters' duties and obligations as Receiver for GMSI....

On p. 3 of the "factual and legal analysis", the statement is made:

Therefore, there is reason to believe that Walters' [sic] violated 2 U.S.C. sec. 441b(a) by consenting to said prohibited in-kind contribution by GMSI.

The "factual and legal analysis" is egregiously incorrect in saying that David Walters was the Receiver for GMSI. On June 4, 1991 I wrote to you, and in the first indented paragraph of that letter, the following appears in underlined form:

No activity of David Walters as receiver can be deemed a corporate campaign contribution, because David Walters was never receiver of GMSI, Inc.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

91 DEC -5 PM 2:54

23040951734

Mr. John Warren McGarry
December 2, 1991
Page 2

23040951735
In support of my statement, the Commission was supplied a copy of the May 13, 1988 order appointing David Walters receiver. The order provides specifically that David Walters "is hereby appointed as receiver of and for the following described real property."

I pointed out at length over the telephone to Ms. Kent and to Mr. Noble that the receivership was for a particular piece of property owned by GMSI, and that there are specific statutory substantive and procedural provisions for the appointment of a receiver of a corporation in Oklahoma, as in many states, and none of those provisions were ever complied with or ever brought before the court. Instead, when the holder of the mortgage on the property sought to have that asset taken out of the hands of GMSI, so that GMSI would not take action adverse to the interest of the mortgage holder, the Court granted the relief by taking the property out of GMSI's hands, and placing it in the hands of the Court, to be operated by a receiver who reported to one entity, and one entity only--the Court. All actions taken by the receiver were on the Court's behalf, not on behalf of any party to the foreclosure action.

In the face of the order of appointment and the very well recognized procedure of the appointment of receivers for pieces of property, not corporations, how can the Commission now take action based on a totally incorrect statement of the law? And particularly in light of the receipt of the order of appointment and my discussion with Ms. Kent and Mr. Noble?

The finding that there is probable cause to find that David Walters made an unpermitted corporate campaign contribution on behalf of GMSI is, based on the foregoing, utterly ridiculous. We request that the Commission reverse this finding immediately, based on its total lack of support on either the facts or the law.

We await a response. We cannot proceed to defend on this matter, because I do not represent GMSI and Mr. Walters has never been the receiver for that entity. Please advise as soon as possible.

Sincerely yours,

R. Thomas Seymour
R. THOMAS SEYMOUR

cc: Lawrence Noble, Esq.
Dodie Kent, Esq.

06C 3797

RECEIVED
FEDERAL ELECTION COMMISSION
ROOM

STATEMENT OF DESIGNATION OF COUNSEL

91 DEC 16 PM 12:29

MUR 3143

NAME OF COUNSEL: R. Thomas Seymour

ADDRESS: Suite 230

Mid-Continent Tower

Tulsa, Oklahoma 74103

TELEPHONE: 918-583-5791

91 DEC 16 PM 4:09

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF CENTRAL COUNSEL

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.

12-12-91
Date

David L. Walter
Signature President

RESPONDENT'S NAME: The Walters Company

ADDRESS: c/o R. Thomas Seymour

Suite 230, Mid-Continent Tower

Tulsa, Oklahoma 74103

HOME PHONE: 918-583-5791

BUSINESS PHONE: 918-583-5791

93040951736



Democratic National Committee

December 9, 1991

Dodie C. Kent, Esq.
Federal Election Commission
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 DEC -9 PM 5:09

Dear Ms. Kent:

This letter is to confirm in writing our agreement that I have an extension until January 6, 1992, to respond to MUR 3143, filed against the Dukakis For President Committee and Robert. A. Farmer, as treasurer.

Sincerely,

Carol Darr
Chief Counsel

23040951737

06C 3982

R. THOMAS SEYMOUR

ATTORNEYS

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

92 JAN -6 AM 10:10

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

OF COUNSEL
DAVID BOOTH

TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

January 2, 1992

Anne Weissenborn, Esq.
Acting Assistant General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3143

Dear Ms. Weissenborn:

On behalf of David Walters and The Walters Company, request is made herewith that the time to respond to the Commission's request for documents and responses be extended to January 27, 1991.

We appreciate the Commission's consideration in this matter.

Sincerely yours,

R. Thomas Seymour
R. Thomas Seymour

RTS:mlc

Walters1.37

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JAN -6 PM 3:42

23040951738

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

92 JAN -8 AM 9:19

Dukakis for President Committee
c/o Carol Darr, Esq.
1175 Dolly Madison Blvd.
McLean, Virginia 22101

January 6, 1992

Dodie Kent, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RE: MUR 3143

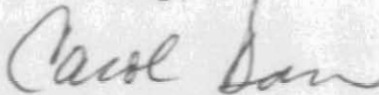
Dear Ms. Kent:

This responds to your notification that the Commission has found "reason to believe" that the Dukakis for President Committee (the "Committee") violated 2 U.S.D.C. § 441 a(f) by accepting excessive contributions from David Walters, receiver for GSKI, in the form of discounted rent and from The Walters Company in the form of advances.

In connection with the allegations of discounted rent, the Committee reiterates that it relied on the expertise and representatives of David Walters with regard to both the quality of the office space (which was represented as in need of extensive renovations) and its fair market. With respect to the reimbursements to The Walters Company, the Committee did not have prior knowledge that The Walters Company -- and not David Walters himself -- had made the advance payment. Further, the Committee made the reimbursements immediately.

The Committee would like to enter into conciliation regarding this matter as soon as the Commission feels that it is appropriate.

Sincerely,



Carol C. Darr
Chief Counsel

CD:pas

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

92 JAN -8 AM 11:28

92 JAN -8 AM 11:28



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
F.E.C.
SECRETARIAT

92 JAN -8 PM 3:56

January 8, 1992

SENSITIVE

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

BY: Lois G. Lerner *LL*
Associate General Counsel

SUBJECT: MUR 3143
Request for Extension of Time

By letter dated January 2, 1992, counsel for David Walters and The Walters Company requested an extension of time until January 27, 1992 in which to respond to the Commission's reason to believe determinations in this matter. (Attachment 1.) Although not stated in this letter, it is the understanding of this Office that this extension is being requested because of a death in Mr. Walters' family.

Respondents' responses were originally due by December 3, 1991; however, this Office granted a request from counsel for a 30 day extension of time. The more recent request would result in extensions totaling 55 days.

The Office of the General Counsel recommends that the Commission grant the requested second extension.

RECOMMENDATIONS

1. Grant an extension of time until January 27, 1992 to David Walters and The Walters Company.
2. Approve the appropriate letter.

Attachment:

1. Request for Extension

Staff Assigned: Anne Weissenborn

93040951740

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
David Walters and The Walters) MUR 3143
Company - Request for Extension)
of time.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 13, 1992, the Commission decided by a vote of 5-0 to take the following actions in 3143:

1. Grant an extension of time until January 27, 1992 to David Walters and The Walters Company, as recommended in the General Counsel's Memorandum dated January 8, 1992.
2. Approve the appropriate letter, as recommended in the General Counsel's Memorandum dated January 8, 1992.

Commissioners Aikens, Elliott, McDonald, McGarry and Thomas voted affirmatively for the decision; Commissioner Potter did not cast a vote.

Attest:

1-13-92
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Wed., Jan. 8, 1992 3:56 p.m.
Circulated to the Commission: Thurs., Jan. 9, 1992 11:00 a.m.
Deadline for vote: Mon., Jan. 13, 1992 11:00 a.m.

dr

93040951741



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 17, 1992

R. Thomas Seymour, Esquire
Suite 230
Mid-Continent Tower
Tulsa, Oklahoma 74103

RE: MUR 3143
David Walters
The Walters Company

Dear Mr. Seymour:

This is in response to your letter dated January 2, 1992, which we received on January 6, 1992, requesting an extension until January 27, 1992, to respond to the Federal Election Commission's requests for documents and answers to questions. After considering the circumstances presented in your letter, the Commission has granted the requested extension. Accordingly, your responses are due by the close of business on January 27, 1992.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

A handwritten signature in cursive script, reading "Anne A. Weissenborn", is written over the typed name.

Anne A. Weissenborn
Senior Attorney

93040951742

R. THOMAS SEYMOUR

ATTORNEYS

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

OF COUNSEL
DAVID BOOTH

TELEPHONE (918) 583-8791
FACSIMILE (918) 584-0971

January 24, 1992

VIA FEDERAL EXPRESS

Dodie Kent, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3143

Dear Ms. Kent:

Enclosed are the documentary responses to interrogatories and document requests the Commission requested. The verified responses to the Commission's questions are being sent under separate cover to you by Governor Walters.

We note our continuing objection to the Commission's proceeding on the basis that there was a receivership for GSMI. Ms. Weisenbron has advised that the Commission has withdrawn the assertion.

Sincerely yours,

R. Thomas Seymour
R. Thomas Seymour

RTS:mlc

Walters:47

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JAN 27 PM 3:25

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
92 JAN 27 AM 9:39

3040951743

BEFORE THE FEDERAL ELECTION COMMISSION

92 JAN 27 AM 9:41

In the Matter of

)
)
)
)

MUR 3143

ANSWERS TO INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

INTERROGATORY NO. 1: Describe the type of business which the Walters Company conducts on a daily basis.

ANSWER: The Walters Company performed property management, consulting, leasing, small construction and renovation administration, and district court and federal court receiverships on a daily basis.

INTERROGATORY NO. 2: Produce all documents which in any way relate or refer to the reimbursements described on page two of the enclosed Factual and Legal Analysis, including but not limited to canceled checks, invoices and reimbursement requests.

ANSWER: The following documents are attached:

1. Letter of January 21, 1988 to Mr. Richard Ybarra
2. Letter of April 19, 1988 to Mr. Jonathan Stone
3. Summary of Draft Payments to The Walters Company by Dukakis/Bentsen Campaign November 14, 1988
4. Dukakis for President Committee, Inc. Draft Report dated November 14, 1988
5. Copy of The Walters Company Batch Control Report dated October 25, 1988

INTERROGATORY NO. 3: Describe the circumstances surrounding the transactions delineated on page two of the enclosed Factual and Legal Analysis, including but not limited to the name(s) of the person who authorized the initial expenditures by The Walters Company and the name(s) of the person(s) who served as The Walters Company's contact within the Dukakis For President Committee.

The Walters Company's contact was Mr. Richard Ybarra and Mr. Jonathan Stone.

Mr. David Walters was the Oklahoma Campaign representative for the Dukakis campaign. As such he was responsible for securing the necessary supplies. Walters travelled for the campaign and just as was the case when he travelled on all business trips, he charged the expenses to his credit cards and was then reimbursed by his company or whatever group he was travelling for. Some of the reimbursed expenses are actually expenses of Mr. Walters which were reimbursed to The Walters Company by the campaign and then the Walters Company reimbursed Mr. Walters. This was done for simplicity. The Walters Company managed approximately 15 properties for various owners, and the Company as a highly routine

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

92 JAN 27 PM 3:40

93040951744

matter spent money and received reimbursement from the owners. See the attached Batch Control Report which shows all the reimbursable amounts for the batch entered on October 25, 1988. This is a copy of a typical batch report. Unless there was an accounting office oversight The Walters Company billed the Dukakis Campaign each month for all reimbursable expenses which it paid for the previous month. The campaign was not always timely in paying Walters.

Please note that the \$1,231.78 was first billed on January 21, and was rebilled on April 19, but was not paid until June 6.

The April 19 letter contains documentation for the June 6 payments by the campaign.

The November 14, 1988 payment documentation is attached. Note that all of the expenses were paid by drafts. The amount of the drafts and reimbursements is \$3,200.00 not \$3,020.00. The Walters Company has no explanation for the difference in the reimbursement and the amount reported by the campaign.

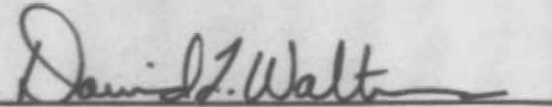
Walters.43

93040951745

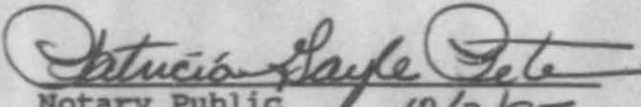
STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

VERIFICATION

I, David L. Walters, being first duly sworn, do depose and state that I have read the above and foregoing responses to "Questions and Document Requests" posed by the Federal Election Commission, and that such responses are true and correct.


David L. Walters

Subscribed to and sworn before me this 24th day of January, 1992.


Notary Public 10/2/95



93040951746

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) MUR 3143
)

ANSWERS TO INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

INTERROGATORY NO. 1: State whether GSMI, Inc. owned any commercial properties in Oklahoma City during 1988, other than the building located at 5500 North Western, Oklahoma City, Oklahoma.

(a) If so, state the average rate charged per square foot in those buildings during 1988 and provide documentation of the same.

ANSWER: Walters has no knowledge of the ownership of commercial properties by GSMI, Inc. in Oklahoma City, other than he does know that such entity at one time owned MacArthur Executive Building in Oklahoma City.

Walters never served as receiver for GSMI, Inc.

On May 13, 1988, Walters was appointed receiver for a specific piece of property, 5500 North Western in Oklahoma City, by the District Court of Oklahoma County. This receivership for the specific piece of property, 5500 North Western, lasted until November 21, 1988, when the receiver's report was approved by the court, and the court discharged the receiver.

Over a period of time which covered before, during and after the receivership for 5500 North Western, Walters managed or consulted on the management of seven properties on behalf of Mutual Security Life Insurance Company, the holder of the mortgage on 5500 North Western. In some of these other six instances, Walters also served as receiver for a specific piece of property, under court appointment and appropriate bonding.

Walters entered into a contract (Tab # 6) with the agent of Mutual Security Life Insurance Company, to provide for management services after the receivership on 5500 North Western was over (which was when the foreclosure had been concluded, and legal as well as equitable title was vested in Mutual Security Life Insurance Company). The contract was signed during June, 1988, so that it would become effective just as soon as the receivership was concluded. At the time the receivership was terminated, the contract was activated, and the building was managed thereunder.

Walters sought and received the approval of the agent of Mutual Security Life Insurance Company for the renting of the space to the Dukakis for President Committee. Walters filed a report in July, 1988 with the district court of Oklahoma County, in which the rental to the Dukakis for President Committee effective August 1,

127 BH 334
RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL

93040951747

1988 was disclosed, including the \$500 per month rental charge. (See the fifth page of Tab #9, the June, 1988 report which says "A month to month lease with the Dukakis Campaign has been executed for 3,347 sq. ft. at \$500 per month. Since this lease is only for three months it was believed that the activity and visibility as a result of this lease justified a rate that will only cover operating cost.") Walters filed subsequent reports with the district court of Oklahoma County disclosing the rental to the Dukakis for President Committee. At no time did the district court of Oklahoma County voice any objection to the rental to the Dukakis for President Committee. No party, including the Mutual Security Life Insurance Company, ever filed any objection to any report of Walters as receiver, or to the rental to the Dukakis for President Committee. No party, including the Mutual Security Life Insurance Company, ever objected in writing or verbally to Walters or anyone known to Walters as to the rental to the Dukakis for President Committee.

93040951748

The Dukakis For President Committee moved out of the space on September 30, 1988. They moved to a smaller space, at a lower rent. It should be noted that the Dukakis for President Committee only needed approximately 1000 square feet. Walters could have placed the Dukakis For President Committee in one or more other spaces in 5500 North Western (e.g., 140, 172, 101A, 170 or 105). However, those other spaces were deemed much easier to rent, as illustrated in part by the last page of Tab 14, which shows that some of these spaces were rented during the receivership. Because of the half-partitions installed for the finance company operations of the previous tenant, GMAC, the space rented to the Dukakis for President Committee was the last desirable space in the building, and could not be rented without extensive remodeling. If the Dukakis For President Committee had been rented only the amount of space needed, the adjusted per square foot rate would have been substantially higher.

Rent rolls for August, 1988 and November, 1989 are attached as Tabs #2 and #3. Note the average rent rate continued down from \$6.30 per sq. foot to \$5.80 per sq. foot.

INTERROGATORY NO. 2: In regard to the tenant who proceeded the Dukakis For President Committee in the office space leased by the Dukakis Committee at 5500 North Western, Oklahoma City, Oklahoma, state who funded the \$25,188 tenant improvements mentioned in your affidavit dated November 29, 1990.

ANSWER: The space rented to the Dukakis for President Committee was vacant at the time of rental, and was vacant at the time Walters became the receiver for 5500 North Western. The tenant who occupied the space before it became vacant was General Motors Acceptance Corporation. In November, 1989, a lease was signed for the space, to be effective January, 1990. The November,

1989 lease for occupancy January, 1990 was the first rental of the space occupied by the Dukakis for President Committee since the Dukakis for President Committee moved out at the end of September, 1988.

At the time the space was rented in November, 1989, the owner of the property, Mutual Security Life Insurance Company, obligated itself to fund the \$25,188 in tenant improvements agreed to with the new tenant, Magnolia Foods, Inc. and KCA Enterprises. See Tab # 17 and # 18.

INTERROGATORY NO. 3: Produce all documents which in any way relate or refer to the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma by you, as Receiver for GSMI, Inc., to the Dukakis For President Committee.

ANSWER: Walters never was the receiver for GSMI, Inc. All documents which related to the leasing of the office space are attached. See Tabs #5, #9, #12 & #14.

INTERROGATORY NO. 4: Produce all documents which in any way relate or refer to any other agreements or understandings made between the Dukakis For President Committee and you, as Receiver, concerning the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma.

ANSWER: No agreements or understandings other than those in the lease were made.

INTERROGATORY NO. 5: State how long the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma was vacant prior to the Dukakis For President Committee tenancy.

ANSWER: Walters doesn't know how long the space was vacant before he became receiver for the building on May 13, 1988.

INTERROGATORY NO. 6: State whether a real estate broker was used in connection with the Dukakis For President Committee lease.

ANSWER: The Walters Company which was the manager for the building, is a real estate broker, and it negotiated the lease.

INTERROGATORY NO. 7: In regard to the Dukakis For President Committee lease, state whether the District Court of Oklahoma County was requested to review the lease agreement. If so, provide all documents which in any way relate or refer to such approval.

ANSWER: As noted above in the answer to question 1, Walters filed monthly receiver's reports with the district court of

23040951750

Oklahoma County. The report for June, 1988 (Tab #9) the rental to the Dukakis for President Committee, in advance of the commencement date (July 1, 1988) for the month-to-month rental. In addition, the final receiver's report (See Tab #14A) was filed and approved by the district court, and the \$40,000 receiver's bond was discharged. At no time did the district court or any party object to the actions of Walters as disclosed in the reports of the receiver. Receiver's reports, unless objected to, stand approved by the district court of Oklahoma County.

INTERROGATORY NO. 8: Supply copies of all other leases and any terms not contained in those leases for rentals located at 5500 North Western, Oklahoma City, Oklahoma during your tenure as Receiver for GSMI, Inc.

(a) State whether these leases were procured with or without the assistance of a real estate broker.

(b) State whether these tenants were provided any months free of rent.

(c) State whether any improvements were made on these properties to induce the signing of each respective lease; and, if so, state who funded said improvements.

ANSWER NO. 8:

R.J. Dinger lease - \$550.00

Lester L. Cowden lease - \$12,496.00

Muriel Yu, Nan Binder-Smith, Sherryl McGuire - \$1,066.00

Business Spotlights - \$3,138.00

Business Spotlights additional space - \$941.00

Kathy Bottroff - \$1,497.00

See Tabs #9, #10, #11, #13 and #14. Leases are attached to the receiver's report. The Walters Company negotiated the leases. Improvements were funded by the owner of the property, not the lessee.

INTERROGATORY NO. 9: State what actions were taken by you, as Receiver, to procure a new tenant following the Dukakis For President Committee tenancy.

ANSWER: After the Dukakis for President Committee ceased renting the space at the end of August, 1988, (one month earlier than originally stated), the committee moved to much smaller space, elsewhere in Oklahoma City, at a rental rate less than that being charged at 5500 North Western. Walters, as receiver, continued to try to rent the space until the termination of the receivership in November, 1988. No offers were made, and no serious inquiries were received.

After the termination of the receivership, Walters was acting as manager for the property, and continued to try to rent the space which had been occupied by the Dukakis for President Committee.

23040951751

The efforts to market the space were not successful until November, 1989, when a lease was signed. See Tab # 17.

INTERROGATORY NO. 10: Produce all documents which in any way relate to or refer to the leasing of the office space located at One Western Plaza Building, 5500 North Western, Oklahoma City, Oklahoma by you, as Receiver, to the tenant who followed the Dukakis For President Committee.

ANSWER: Walters was not the receiver when the space was leased on November 20, 1989. Walters' status as receiver was terminated on November 17, 1988, when legal title was awarded by the court to the mortgage holder, Mutual Security Life Insurance Company. The Walters Company was the property manager for the building when the subject space was leased in November, 1989. Please note that this space was leased to two related companies, KCA Enterprises and Magnolia Foods, Inc. See Tab #17.

INTERROGATORY NO. 11: State whether you currently serve as Receiver for GSMI, Inc.

(a) If not, state when and under what circumstances your appointment as Receiver for GSMI ended.

ANSWER: See answer to Paragraph 10. See Tabs #7, #14 and #14A.

INTERROGATORY NO. 12: State whether GSMI, Inc. is currently in receivership.

ANSWER: Walters has no knowledge of GSMI, Inc.'s current status as a company.

INTERROGATORY NO. 13: Describe all relationships you have had and/or currently have with GSMI, Inc.

ANSWER: Walters has never had any relationships with GSMI, Inc.

INTERROGATORY NO. 14: At the time of the Dukakis lease, state whether you consulted with anyone regarding the appropriate rental to be charged. If so, state the details of all such communications, including the identity of each person with whom you consulted or otherwise discussed the Dukakis lease at that time.

ANSWER: The property was leased to the Dukakis committee over three and one half years ago. Walters does not recall exact conversations about the lease. It should be noted that Walters was managing or consulting on seven buildings in the Oklahoma City area for Mutual Security Life Insurance Company thru their agent, Global Equity Company, and Walters would therefore have no motive to do anything to jeopardize his relationship with Mutual Security or its

agent. The management agreement The Walters Company signed with Global Equity Company required that the agent, Global Equity Realty, approve all lease agreements and rental rates. In the attached letter to Mr. Larry Willis of Global Equity Realty dated July 5, 1988, Walters refers to the lease. Walters also had verbal communication with Mr. Willis about the lease and the amount of rent to charge. See Tabs #5 and #6.

INTERROGATORY NO. 15: Produce all documents which in any way relate or refer to the reimbursements described on page four of the enclosed Factual and Legal Analysis, including but not limited to canceled checks, invoices and reimbursement requests.

ANSWER: See Tabs #19, #20, #21, #22 and #23.

INTERROGATORY NO. 16: Describe the circumstances surrounding the transactions delineated on page four of the enclosed Factual and Legal Analysis.

ANSWER: Walters was the volunteer head of the Oklahoma Campaign for the Dukakis For President Committee. As such, he was responsible for supervising all local Dukakis staff and securing the necessary supplies. Walters travelled for the campaign, and as is the case when he travels on all business trips, he charged the expenses to his credit cards and was then reimbursed by the party on whose behalf he incurred the expense. Walters, at the time of the Dukakis campaign, was president of the Walters Company which managed approximately 15 properties for various owners; he was also actively preparing to run for Governor of Oklahoma in 1990. As is shown by the attached documents, Walters was being reimbursed for expenses from the Dukakis campaign, The Walters Company, and Oklahomans for Walters, as part of the ordinary and regular conduct of his business activities. Unless there was an accounting office oversight, Walters billed the Dukakis Campaign each month for all expenses he paid the previous month. The Dukakis For President Committee was not always timely in paying Walters.

Please note the letters of October 30, November 11, February 22 and April 19, which show that there was a problem with confusion as to how to get the Oklahoma expenses paid and/or reimbursed.

Please note that the \$30.17 was first billed on January 21, and was rebilled on April 19, but was not paid until June 6.

No documentation can be found for the \$500.00 filing fee, which was the filing fee for the presidential election. The payment by Walters to the State of Oklahoma that he was reimbursed for would have been made about January 15, 1988 because that is when the filing period for Oklahoma began for the 1988 Presidential race.

23040951752

The April 19 letter contains documentation for the June 6 payments by the campaign. Walters asked for reimbursement of \$4,350.00 in casual services. Walters has no documentation as to the reason only \$3,600.00 was reimbursed. The former accountant for The Walters Company, Ms. Cheryl Smothers,k, believes that the amount of reimbursement asked for was incorrect and the mistake was corrected by the Dukakis campaign. Because of the confusion and problems the Dukakis campaign was having getting the payroll checks to Mr. Hoover and Larue Donwerth, Walters advanced the money to them because of their need to pay their personal bills and the fact that they joined the campaign at his personal request. Walters felt a moral obligation that payroll be met timely so that family obligations could properly be met the recipients.

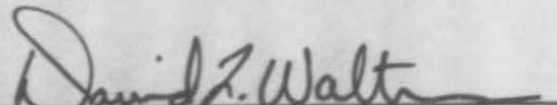
See Tabs #19, #20, #21, #22 and #23.

93040951753

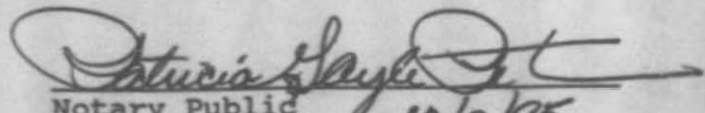
STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

VERIFICATION

I, David L. Walters, being first duly sworn, do depose and state that I have read the above and foregoing responses to "Questions and Document Requests" posed by the Federal Election Commission, and that such responses are true and correct.


David L. Walters

Subscribed to and sworn before me this 24th day of January, 1992.


Notary Public 10/2/95

93040951754

DUE TO THEIR BULK, THE ATTACHMENTS SUBMITTED WITH THIS
RESPONSE HAVE BEEN DELETED FROM THE FILE.

93040951755

R. THOMAS SEYMOUR
ATTORNEYS
SUITE 230
MID-CONTINENT TOWER
TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

OF COUNSEL
DAVID BOOTH

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

92 FEB 20 PM 12:31

TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

February 4, 1992

Dodie Kent, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3143

Dear Ms. Kent:

Enclosed is an affidavit of Charles E. Wiggin, the president of Wiggin Properties, Inc., a firm which has specialized in office space leasing and management in Oklahoma City for the past eleven years. In the affidavit, Mr. Wiggin states, among other things, that the leasing of the space to the Dukakis for President campaign was a commercially reasonable thing to do.

As you will recall, some months ago I asked and implored the Federal Election Commission to get on the telephone, come to Oklahoma City, or otherwise spend time and energy developing its own facts on the commercial reasonableness of the rental of the space to the Dukakis for President Committee, instead of spending its energy continuing to try to justify its erroneous position that Governor Walters was acting on behalf of a corporation, when in fact he was receiver only for a specific piece of property. We were told that the Commission would not investigate the reasonableness of the rental of the space. Accordingly, it seems imperative that the record in this case be grounded on facts, not hypothetical musings about whether the rental of the space was a commercially reasonable thing to do.

In addition to the affidavit of Mr. Wiggin, we intend to submit an additional affidavit in the next week or so.

In due course, we would appreciate knowing how the record in this matter stands. If there is additional information that would

23040951756

Dodie Kent, Esq.
February 4, 1992
Page 2

be helpful, please let us know. We continue to believe that there is no basis for the Commission to find a violation in respect of this MUR. Given recent events in Governor Walters' family, we are particularly desirous of moving this matter to a speedy conclusion. We stand ready to assist in whatever way we can. Please advise if it is possible to resolve this matter by the end of February.

Sincerely yours,

R. Thomas Seymour
R. Thomas Seymour

RTS:vp
Enclosure

cc: Anne A. Weissenborn, Esq.

Walters

93040951757

AFFIDAVIT

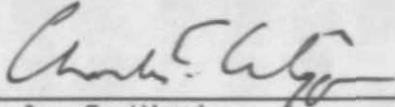
I am President of Wiggin Properties, Inc., a firm which has specialized in office space leasing and management in Oklahoma City for the past eleven years.

I have reviewed the lease records of 5500 North Western, Oklahoma City, Oklahoma for the summer of 1988. From those records, I am aware that the Dukakis for President Committee rented 3,347 sf on a month-to-month basis, at a rental rate of \$1.79 per sf. I am advised that the \$1.79 rate covered operating costs of this space, and based on my property management experience, I believe this to be true. I am advised that the space was rented on an as-is basis, and that it was occupied by the Dukakis for President Committee for a period of two months, after which they moved out and into much smaller space. I am advised that the space was not subsequently rented to another tenant until January, 1990, and that the subsequent rental required an expenditure of \$25,000 for reconstruction of the space, as well as certain other concessions.

Based on these facts, I am of the opinion that the renting of the space to the Dukakis for President Committee for the rate of \$1.79 per sf was commercially reasonable. It provided a modest incremental income to the property in excess of incremental operating costs. It brought people into the building who would not otherwise be there and thereby supported the leasing efforts of the building. As a short term lease, it was unlikely to interfere with the leasing of the suite on a long term basis.

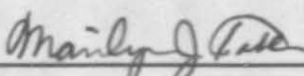
This type of arrangement is not uncommon. Many landlords will, on occasion, offer space for a short period of time at very low rent if there is no cost to them of doing so. I believe that this lease was a reasonable transaction for this landlord and was in the landlord's interest.

This affidavit is given this 31st day of January, 1992.


Charles E. Wiggin

County of Oklahoma)
State of Oklahoma)

Subscribed to and sworn before me this 31st day of January, 1992.


Marilyn J. Tate Com. Expires 10/9/93

93040951758



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3143

DATE FILMED 7-26-93 CAMERA NO. 4

CAMERAMAN T.M.H.

93040951759

RECEIVED
F.E.C.
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

92 AUG -4 PM 3:59

In the Matter of

Dukakis for President Committee
Robert A. Farmer, as treasurer
David L. Walters
The Walters Company
GSMI, Inc.

)
)
)
)
)
)
)

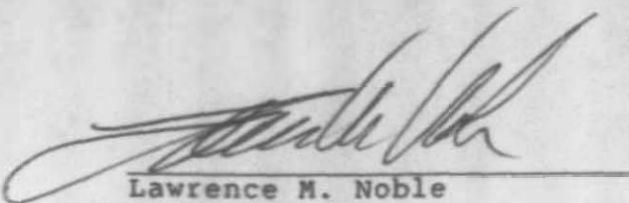
SENSITIVE

MUR 3143

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to the Dukakis for President Committee, David L. Walters, The Walters Company and GSMI, Inc., based on assessment of the information presently available.

8/3/92
Date


Lawrence M. Noble
General Counsel

93040951760

SENSITIVE

MUR 3143

I. BACKGROUND

Earlier, on March 26, 1991, the Commission had found reason to believe that GSMI, Inc., and the Committee had violated 2 U.S.C. § 441b by making and accepting corporate contributions in the form of discounted rent. The Commission's reason to believe determinations on October 22, 1991, also included one which found that David Walters, as receiver for GSMI, Inc., had violated 2 U.S.C. § 441b as a result of his involvement with the same allegedly discounted rental charge. This Office is circulating,

soon after this report, briefs to be sent to the Committee and to Mr. Walters which address this particular issue and, in the case of Mr. Walters, also the issue of excessive advances. A third brief is being sent to The Walters Company concerning excessive advances.

It now appears that Mr. Walters' role as receiver of certain property owned by GSMI, Inc., did not extend to the corporation itself but only to the particular building which housed the office space rented by the Committee. GSMI was not sent a notification of the Commission's reason to believe determination because at the time it was deemed appropriate to notify the corporation through Mr. Walters. After the briefing process on the rent issue has been completed with regard to the Committee and Mr. Walters, this Office intends to recommend that the Commission take no further action against GSMI and close the file as to that respondent.

On January 6, 1992, the Committee requested pre-probable cause conciliation.

II. ANALYSIS

A. Advances on Behalf of the Dukakis for President Committee

1. By David L. Walters

a. Applicable Law

Pursuant to 2 U.S.C. § 441a(a)(1)(A), individuals may contribute up to \$1,000 per election to a candidate and his or her authorized committee. 2 U.S.C. § 441a(f) prohibits a committee from knowingly accepting contributions in excess of the statutory limitations. 2 U.S.C. § 431(8)(A)(1) defines "contribution" to include any gift, subscription, loan, advance or deposit of money

93040951762

or anything of value for purposes of influencing a Federal election.¹ In 1988, 11 C.F.R. § 100.7(b) exempted from the definition of contribution any unreimbursed payment for transportation expenses incurred by an individual on behalf of any candidate so long as such expenses did not exceed \$1,000 per election. In addition, the same regulatory provision provided that a volunteer's expenditures of personal funds for his or her own subsistence expenses related to volunteer activity were not to be considered contributions.²

93040951763
In 1982 the Commission, in MUR 1349, found probable cause to believe that the Reagan for President Committee had violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Charles and Jane Wick in the form of \$19,478.59 in advances made on behalf of the Committee which were not reimbursed until several months had elapsed. Mr. Wick was a volunteer for the Committee who had paid expenses totaling \$18,712.54 in connection with the candidate's announcement dinner on November 13, 1979. Mrs. Wick, also a volunteer, paid expenses totaling \$766.05 in connection with

1. Pursuant to 11 C.F.R. § 116.5(b), which became effective in 1990, payments by individuals from personal funds for goods or services used on behalf of a candidate are contributions unless the payment is exempt from the definition of contribution, pursuant to 11 C.F.R. § 100.7(b)(8). Section 116.5(b) makes explicit what has been the Commission's continuing application of 2 U.S.C. § 431(8)(A)(1).

2. Pursuant to 11 C.F.R. § 116.5(b)(1), payments by an individual for his or her transportation costs, over and above the \$1,000 exempted from the definition of contribution at 11 C.F.R. § 100.7(b)(8), or for subsistence costs, are not contributions provided they are reimbursed within sixty days of the billing date if a credit card is used, or within thirty days if another form of payment is used.

the same event. The Wicks requested reimbursement in January, 1980, but were not reimbursed until April, 1980.³

b. Application of Law to Facts

Information supplied by the Committee in response to the Commission's initial determinations in this matter raised questions with regard to monies reimbursed in late 1987 and early 1988 to David Walters by the Committee. Mr. Walters also made a direct contribution of \$500 to the Committee in February, 1988.

According to Mr. Walters' answers to interrogatories, "Walters was . . . reimbursed for expenses from the Dukakis campaign, The Walters Company, and Oklahomans for Walters, as part of the ordinary and regular conduct of his business activities. Unless there was an accounting office oversight Walters billed the Dukakis Campaign each month for all reimbursable expenses which he paid the previous month. The campaign was not always timely in paying Walters."

The reimbursement payments made directly to David Walters were reported by the Committee as follows:

<u>Date</u>	<u>Amount</u>	<u>Stated Purpose</u>
11/18/87	\$1,366.93	Travel-Reimbursement
1/25/88	500.00	Filing Fees
6/6/88	3,600.00	Casual Services
6/6/88	2.42	Postage and Delivery
6/6/88	501.83	Printing and Reproduction

3. The Commission voted to take no further action with regard to Mrs. Wick and failed to pass a motion to find probable cause to believe that Mr. Wick had violated 2 U.S.C. § 441a(a)(1)(A) by a vote of 3-3. The conciliation agreement with the Committee contained a two separate civil penalties; one of these penalties, in the amount of \$2,500, covered four issues addressed in the agreement, including the excessive contributions accepted from Mr. and Mrs. Wick.

93040951764

<u>Date</u>	<u>Amount</u>	<u>Stated Purpose</u>
6/6/88	360.50	Travel-Reimbursement
6/6/88	397.50	Media Placement-Radio
Total	\$6,729.18	

(1) November 18, 1987 Reimbursement

Information supplied by the Committee in response to the Commission's request for documents shows that the repayment of \$1,366.93 to Mr. Walters on November 18, 1987, covered the following expenditures which he had made between September 6 and October 22, 1987:

<u>Amount</u>	<u>Date</u>	<u>Purpose per Documentation</u>
\$730.87	10/22/87	Mailing services
415.00	10/14/87	Envelopes
22.00	9/23/87	Postage
32.64	9/22-10/16/87	Postage
34.54	9/6/87	Hotel for John Dukakis
56.38	9/24/87	Telephone
75.50	10/12-16/87	Travel - 3 trips to Tulsa

\$1,366.93 - Total

Of these expenditures only the \$75.50 for Mr. Walters' trips to Tulsa comes within an exception to the definition of contribution at 11 C.F.R. § 100.7(b); the \$75.50 would have been covered by the \$1,000 personal transportation exemption. Thus, these advances represented \$1,291.43 in contributions by Mr. Walters to the Committee.

(2) January 25, 1988 Reimbursement

The second payment to Mr. Walters reported by the Committee was \$500 for "filing fee" made on January 25, 1988. This was one of five payments ranging from \$250 to \$900 and totaling \$2,500 which were made to individuals in Oklahoma City on the same date

93040951765

and for the same purpose; apparently these payments involved reimbursements of advances made by all of these persons. According to Mr. Walters' answers to interrogatories, no documentation has been found for this fee, which was apparently related to the presidential primary election.

The filing deadline in 1988 for ballot access for presidential candidates in Oklahoma was January 13. Therefore, it appears that the Committee reimbursed the individuals, including Mr. Walters, for their filing fee payments less than two weeks after the fee was paid. Nonetheless, the advances, including the \$500 from Mr. Walters, represented contributions to the Dukakis campaign.

(3) June 6, 1988 Reimbursements

The Committee reported five expenditures to David Walters on June 6, 1988, for advances totaling \$4,862.25. The reported purposes were "Casual Services" (\$3,600), "Postage and Delivery" (\$2.42), "Printing & Reproduction" (\$501.83), "Travel - Reimbursement" (\$360.50) and "Media Plcmt - Radio" (\$397.50). Documentation provided by Mr. Walters indicates that the \$4,862.25 included the following:

<u>Amount</u>	<u>Payee</u>	<u>Date Billed</u>	<u>Date Paid by Walters</u>	<u>Purpose per Docu.</u>
\$ 2.42	Post Office	10/19-11/07/87	Same day	Postage
17.19	Restaurant	10/20/87	Same day	Meals
10.56	Safeway	10/29/87	Same day	Food
1,500.00	Don Hoover	2/19/88	Same day	Payroll
501.83	Lakeside Press	2/26/88	Same day	Printing
1,000.00	Don Hoover	2/28/88	Same day	Radio
26.40	Don Hoover	2/28/88	Same day	Radio
371.10	Tony Newcomb Shirts	2/2/88	Same day	T-Shirts
332.75	?	2/4/88	Same day	Iowa Travel

93040951766

<u>Amount</u>	<u>Payee</u>	<u>Date Billed</u>	<u>Date Paid by Walters</u>	<u>Purpose per Docu.</u>
50.00	Don Hoover	2/29/88	4/19/88	Payroll
<u>1,000.00</u>	Don Hoover	3/10/88	4/19/88	Payroll
\$4,812.25 - Total ⁴				

Mr. Walters billed the Committee for the first three amounts totaling \$30.17 on January 21, 1988, for the T-shirts and Iowa travel expenses on March 31, 1988, and for the rest of the advances apparently on April 23, 1988. He did not receive reimbursement until June 6, 1988. Of the total of \$4,812.25 documented, it appears that \$27.75 was for personal subsistence costs and \$332.75 for personal travel expenses in connection with the campaign, leaving \$4,451.75 in contributions.

Documents supplied by Mr. Walters include a copy of a check dated April 19, 1988, for \$1,050 made payable to Don Hoover, the Oklahoma Director of the Dukakis campaign. The account name on the check is Friends for David Walters and the check is signed by Mr. Walters. Below the copy of the check are handwritten notations which read "50.00 2/29/88 Payroll" and "1000.00 3/10/88 Payroll."

Further investigation has revealed that "Friends for David Walters," was Mr. Walters' 1986 state committee for his campaign for the office of governor. (See further discussion below.) Thus, it appears that the \$1,050 paid from this state committee account should not be included in the total of advances made by Mr. Walters with personal funds, leaving \$3,401.75 as his contributions.

4. This Office has not been able to account for the \$50 discrepancy between the amount reported by the Committee (\$4,862.25) and the amount supported by documentation (\$4,812.25).

(4) Eight Hundred Dollar (\$800) Payment to Larue Donwerth

Also included in the documentation related to the June 6, 1988, reimbursements is an invoice from Larue Donwerth, the Oklahoma Field Director for the Dukakis campaign, which requested reimbursement of a \$800 payment apparently made by Mr. Donwerth to a radio station. A notation on the invoice indicates that it was paid by David Walters on February 28, 1988. No itemization of this expenditure has been located in the Committee's reports, nor does the Audit Division's computer printout of Dukakis committee expenditures to David Walters and to The Walters Company cite this \$800 payment. Thus, it appears that Mr. Walters advanced the \$800 reimbursement of Mr. Donwerth, but was never repaid by the Committee for this particular amount.

(5) Summary

David L. Walters was directly reimbursed for advances totaling \$5,679.18 which he had made personally on behalf of the Dukakis for President Committee in 1987 and 1988. Of this amount \$5,193.18 constituted contributions. He also apparently made another \$800 advance for which he did not receive specific reimbursement. Because Mr. Walters also made a \$500 direct contribution to the Committee, bringing his contributions to \$6,493.18. This total exceeded his \$1,000 contribution limitation by \$5,493.18.

This Office recommends that the Commission agree to enter into conciliation with the Dukakis for President Committee prior to a finding of probable cause to believe and include in the proposed

93040951768

conciliation agreement a violation of 2 U.S.C. § 441a(f) with regard to the receipt of excessive contributions from Mr. Walters.

2. By The Walters Company

a. Applicable Law

2 U.S.C. § 441b prohibits the making or receipt of corporate contributions in connection with Federal elections. Contributions include direct or indirect advances made on behalf of a campaign.

b. Application of Law to Facts

Reimbursements to The Walters Company reported by the Dukakis for President Committee are as follows:

<u>Amount</u>	<u>Date</u>	<u>Stated Purpose</u>
\$ 40.00	2/29/88	Travel - Buses
112.73	6/6/88	Postage and Delivery
<u>1,384.96</u>	6/6/88	Telephone

\$1,537.69 - Total

In response to the Commission's interrogatories, Mr. Walters has stated,

Walters travelled [sic] for the campaign and just as was the case when he travelled on all business trips, he charged the expenses to his credit cards and was then reimbursed by his company or whatever group he was travelling for. Some of the reimbursed expenses are actually expenses of Mr. Walters which were reimbursed to The Walters Company by the campaign and then the Walters Company reimbursed Mr. Walters. This was done for simplicity.

In response to a telephone inquiry, counsel for Mr. Walters has stated that two of the credit cards included in the documentation supplied in response to the Commission's requests are held by Mr. Walters personally. This Office has thus assumed that bills paid with these cards should be deemed payments by Mr. Walters, not the Company.

93040951769

(1) February 29, 1988 Reimbursement

The Committee reported a payment to The Walters Company of \$40.00 on February 29, 1988, for "Travel-Buses." This payment apparently consisted of two checks in the amounts of \$20.00 each. The Committee has not supplied documentation showing whose travel was involved or when it occurred. Thus, this Office assumes that these payments were reimbursements to the Company.

(2) June 6, 1988 Reimbursements

The Committee reported payments on June 6, 1988, of \$1,384.96 for "telephone," and \$112.73 for "postage and delivery," for a total of \$1,497.69. These payments were for bills which, according to Mr. Walters' answers to interrogatories, were first submitted by The Walters Company to the Committee on January 21, 1988, and then rebilled on April 19, 1988.

The telephone bills submitted to the Committee by The Walters Company were paid as follows:

<u>Amount</u>	<u>Date of Payment by Company</u>	<u>Payee</u>
\$103.18	10/7/87	ATC
105.74	11/23/87	ATC
5.12	10/25/87	Southwestern Bell ("SWB")
874.80	12/24/87	Cox Communic.
56.47	12/23/87 & 1/23/88	ATC
<u>236.76</u>	1/19/88	SWB
\$1,382.07	Total	

The advances for expenditures to the Post Office included \$110.00 and \$2.73 paid on November 17, 1987. Together the telephone and post office bills paid by The Walters Company totaled \$1,494.80. The remaining \$2.89 of the \$1,497.69 payment has not been located.

93040951770

(3) Other Advances

Mr. Walters has supplied documentation for two other advances for which the Committee was apparently billed but for which its reports do not show refunds. Both of these charges appear on the same records as those which support the reimbursements made on June 6, 1988, to The Walters Company. These include \$32.94 for a restaurant bill for two persons paid on October 7, 1987, by means of a credit card issued to David Walters, and \$42.80 for office furniture purchased by The Walters Company on January 18, 1988. The \$42.80 should be added to the other contributions made by The Walters Company. At least one half of the \$32.94 apparently involved Mr. Walters' own subsistence expenditures; thus, this Office does not recommend adding this sum to his contributions.

(4) Summary

It appears that The Walters Company made advances on behalf of the Dukakis for President Committee totaling at least \$1,577.60 (\$40.00 + \$1,494.80 + \$42.80). (See additional amount discussed below.) Therefore, this Office recommends that the proposed pre-probable cause conciliation agreement to be sent to the Dukakis for President Committee include a violation of 2 U.S.C. § 441b.

3. By Friends of David Walters

a. Applicable Law

2 U.S.C. § 441b also prohibits the making of contributions by labor organizations in connection with federal elections and the receipt of such contributions by political committees.

93040951771

2 U.S.C. § 431(4)(A) defines "political committee" to include any committee which makes expenditures in excess of \$1,000 during a calendar year. Pursuant to 2 U.S.C. § 431(9), an "expenditure" includes any payment or advance made to influence any election for federal office. 2 U.S.C. § 433 requires that all committees register with the Commission within 10 days after becoming political committees, while 2 U.S.C. § 434 requires that all political committees file periodic reports with the Commission. 11 C.F.R. § 102.5(a) requires that organizations involved in both federal and non-federal activities either establish a separate federal account into which only funds permissible under the Act are placed, or establish a separate political committee which will receive only contributions permissible under the Federal Election Campaign Act, whether or not such contributions are to be used for non-federal as well as federal purposes.

As is stated above, two checks used to make expenditures totaling \$1,050 on behalf of the Dukakis for President Committee were written by David Walters on the account of Friends of David Walters. This latter committee was Mr. Walters' state committee for his gubernatorial campaign in 1986.

Oklahoma law prohibits corporate contributions, but permits labor union contributions to candidates for state office of up to \$5,000. Thus, it is probable that the payment of \$1,050 to Don Hoover for Dukakis campaign-related purposes came from an account which contained labor union monies.

It appears that Friends for David Walters became a political committee as a result of the \$1,050 in expenditures made on behalf

23040951772

of the Dukakis for President Committee, but that it did not register or report as a committee, in violation of 2 U.S.C. § 433 and § 434. Further, it appears that Friends for David Walters violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a) by making expenditures on behalf of Dukakis for President from an account containing labor organization contributions, and that the Dukakis for President Committee violated 2 U.S.C. § 441b by receiving an in-kind contribution from Friends for David Walters taken from an account which contained labor organization contributions.

23040951773
This Office recommends that the Commission find reason to believe that Friends for David Walters violated 2 U.S.C. §§ 433, 434, and 441b, and 11 C.F.R. § 102.5(a) and add the expenditures made by this committee to the violation of 2 U.S.C. § 441b by the Dukakis for President Committee. Given the amount of money involved in these expenditures (\$1,050), and the fact that the state committee apparently no longer exists, this Office also recommends that the Commission take no further action with regard to the violations by Friends of David Walters and close the file as to this respondent.

B. Advances on behalf of the Dukakis/Bentsen Committee

1. By David L. Walters and The Walters Company

a. Applicable Law

As stated above, corporations are prohibited from making contributions in connection with elections for Federal office and political committees are prohibited from accepting such contributions. 2 U.S.C. § 441b. Individual contributors are

limited to \$1,000 per election with regard to contributions to candidate committees.

26 U.S.C. § 9003 states that in order to be eligible to receive public funding for the presidential general election campaign, the candidates of a major party in that election must certify that neither they nor their authorized committees will accept contributions to defray qualified campaign expenditures. The statute does not address the consequences of the making of contributions to publicly-funded presidential candidates in the general election.

b. Application of Law to Facts

According to reports filed by the Dukakis/Bentsen Committee, on November 14, 1988, expenditures totaling \$3,020 were made to The Walters Company as reimbursements for amounts spent on behalf of the committee. Counsel for the Dukakis campaign, in response to the Commission's interrogatories, has stated that the Dukakis/Bentsen Committee reimbursed The Walters Company on November 14 for expenditures totaling \$3,200, not \$3,020.

The reported reimbursements were as follows:

<u>Amount</u>	<u>Date</u>	<u>Stated Purpose</u>
\$ 140.16	11/14/88	Office Supplies
526.70	11/14/88	Travel Reimburse.
835.21	11/14/88	Dem. Nat'l Conv.
2.35	11/14/88	Volunteer expense
247.22	11/14/88	Instate travel
426.54	11/14/88	Travel/meeting
<u>841.82</u>	11/14/88	Office Expense Reimb.
\$3,020.00 - Total		

93040951774

(1) One Hundred Forty Dollars and Sixteen Cents (\$140.16)

Documentation supplied by Mr. Walters indicates that this expenditure was made by The Walters Company to an office supply company for labels and copier supplies, resulting in a \$140.26 corporate contribution. The invoice is dated February 19, 1988, thus making this a primary election expenditure although the reimbursement was made by the general election committee. Thus, this amount should be added to the violations of 2 U.S.C. § 441b by the Dukakis for President Committee discussed above, bringing the total to \$6,633.44.

(2) Five Hundred Twenty-Six Dollars and Seventy Cents (\$526.70) [Documentation totals Five Hundred Twenty-Seven Dollars and Seventy-Two Cents (\$527.72)]

Documentation furnished in support of this reimbursement by the Dukakis/Bentsen Committee provides the following details:

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$116.47	10/4-5/88	Hotel (2 nights)	DLW
347.00	9/30/88	Airline	?
3.00		Hotel tips	DLW (?)
6.33		Breakfast	DLW (?)
7.85	10/4/88	Misc -Volunteer	
		Expense (Food)	DLW (?)
1.25		Dinner	DLW (?)
19.65		Volunteer Food	DLW (?)
6.00		Meal	DLW (?)
14.00		Cab	DLW (?)
6.17	10/2/88	Breakfast	DLW (?)

\$527.72 - Total

Although all of these expenditures have not been fully documented with canceled checks or credit card statements, it appears that at least \$153.22 was paid by David Walters personally

93040951775

for his own subsistence and travel expenses, including the \$116.47 hotel bill paid for by means of his credit card. The \$27.50 (\$7.85 + \$19.65) for food for volunteers would constitute a contribution to the campaign apparently by Mr. Walters.

The only documentation submitted with regard to the airline-related cost of \$347 is a listing of reimbursements due showing that this amount was owed The Walters Company. Thus, in the absence of information to the contrary, it should be assumed that this expenditure was made by the Company. The payment would constitute a corporate expenditure on behalf of the Dukakis/Bentsen Committee in violation of 2 U.S.C. § 441b.

(3) Eight Hundred Twenty-Five Dollars and Twenty-One Cents (\$825.21) [Documentation totals Nine Hundred Fifty-Five Dollars and Twenty-One Cents (\$955.21)]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$375.89	7/16-21/88	Hotel	TWC
131.62	7/15-16/88	Hotel	TWC
420.00	7/15-22/88	Entertainment, meals, cabs, T-shirts (\$100)	DLW
<u>27.79</u>	7/20/88	Meal	DLW
\$955.21 - Total			

According to the documentation provided, The Walters Company paid hotel bills totaling \$507.42 for which it was reimbursed four months later by the Dukakis/Bentsen Committee. These expenditures should be added to those involved in violations of 2 U.S.C. § 441b by these respondents.

The Dukakis/Bentsen Committee also paid \$447.79 to the company for expenditures made on its behalf by David Walters. Of this amount, \$27.79 apparently involved Mr. Walters' own subsistence

93040951776

expenditures and thus did not constitute contributions; however, the remaining \$420.00 apparently consisted of expenses for non-exempt goods and services. Therefore, the \$420 would constitute in-kind contributions which Mr. Walters made to the Dukakis/Bentsen Committee.

(4) Two Dollars and Thirty-Five Cents (\$2.35)

This Office assumes that this payment was made by David Walters. Thus, it should be added to his in-kind contributions to Dukakis/Bentsen Committee.

(5) Two Hundred Forty-Seven Dollars and Twenty-Two (\$247.22) [Documentation totals Two Hundred Forty-Nine Dollars (\$249.00)]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$212.13	9/26-11/7/88	Travel-Instate Mileage	DLW (?)
16.87	9/27/88	Food	DLW
<u>20.00</u>	9/20/88	Bentsen Staff/ Advance Exp.	DLW (?)
\$249.00 - Total			

According to the reimbursement form submitted in support of these expenditures, it appears that David Walters made numerous trips within Oklahoma between September 26 and November 7, 1988 on behalf of the Dukakis/Bentsen Committee for which he billed the committee \$212.13 for mileage. These charges would come within the \$1,000 transportation exception to the definition of "contribution." He also submitted bills for \$16.87 in food, which would be exempt as a subsistence charge. The remaining \$20.00 should be added to his contributions to the Dukakis/Bentsen Committee.

93040951777

(6) Four Hundred Twenty-Six Dollars and Fifty-Four Cents (\$426.54) [Documentation totals Four Hundred Eighty-Six Dollars and Fifty-Four Cents (\$486.54)]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$365.12	7/7/88	Hotel- Boston	DLW
40.00	7/8/88	Restaurant - Boston	DLW
43.22	7/10/88	Hotel-Boston	DLW
27.34	7/22/88	Hotel-Okla.	DLW
78.00	8/2/88	Okla. Tourism	DLW
32.40	8/5/88	Restaurant	DLW
\$586.08 ⁵			
-99.54			
\$486.54	Total		

All of the expenditures in this grouping were made by means of a credit card issued in the name of David L. Walters. Thus, they appear to have been personal expenditures even though the reimbursement went to The Walters Company.

It cannot be determined from the information in hand whether all of the hotel expenditures were related only to Mr. Walters' accommodations. Thus, only the \$70.56 in expenditures on July 10 and July 22 are treated here as hotel-related expenditures exempt from the definition of contribution. The \$32.40 for a restaurant bill also appears to be exempt, leaving \$383.58 as contributions from Mr. Walters to the Dukakis/Bentsen Committee.

(7) Eight Hundred Forty-One Dollars and Eighty-Two Cents (\$841.82)

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$ 11.00		Federal Express	TWC
14.06		Telephone	(?)
100.00		Postage	(?)
111.35		Car Rental	(?)
185.43		Telephone	(?)
53.85		Pagers	(?)
24.90		Telephone	TWC

93040951778

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
50.38		Computer	(?)
68.00	10/27/88	Fax Rental	TWC
136.00	10/27/88	Fax Rental	TWC
<u>45.12</u>	11/7/88	T&E	DLW

\$841.82 - Total

According to the documentation in hand, the last item for \$45.12 was clearly paid for by David Walters rather than by The Walters Company. Thus, it appears that the Company made additional in-kind contributions totaling \$796.70 to the Dukakis/Bentsen Committee. Mr. Walters' payment of \$45.12 was to a hotel, thus bringing it within the exemptions to contributions.

(8) Summary

After subtracting the reimbursements owed Mr. Walters personally, there remains \$1,651.12 in advances which were apparently made by The Walters Company on behalf of the Dukakis/Bentsen Committee, and \$140.16 in advances which the company made on behalf of the Dukakis for President Committee. The \$140.16 advanced for the Dukakis for President Committee should be added to the company's contributions to that committee discussed above. This Office recommends that the Commission find reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 2 U.S.C. § 441b by accepting corporate contributions, and that the amount of the Company's advances on behalf of this committee be added to its violations of 2 U.S.C. § 441b discussed above.

The amount of Mr. Walters' advances to the Dukakis/Bentsen Committee appears to have been \$853.43. In the absence of any express prohibition against the making of contributions to

93040951779

presidential committees for the general election, the \$1,000 limitation at 2 U.S.C. § 441a(a)(1)(A) would be applicable. Thus, it appears that Mr. Walters' advances to this committee came within the \$1,000 limitation.

The combined contributions from David Walters and The Walters Company to the Dukakis/Bentsen Committee total approximately \$2,500. This Office recommends that the Commission find reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 26 U.S.C. § 9003(b) by accepting contributions to defray qualified campaign expenses.

XIII. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

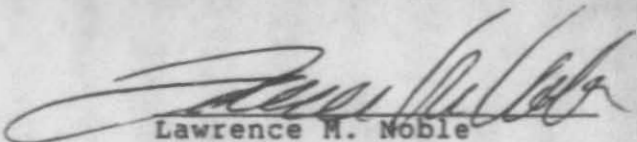
93040951780

IV. RECOMMENDATIONS

1. Enter into conciliation with the Dukakis for President Committee and Robert A. Farmer, as treasurer, prior to a finding of probable cause to believe.
2. Find reason to believe that the Friends of David Walters violated 2 U.S.C. §§ 433, 434 and 441b, and 11 C.F.R. § 102.5(a), but take no further action with regard to these violations and close the file as to this respondent.
3. Find reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 2 U.S.C. § 441b.
4. Find reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 26 U.S.C. § 9003(b).
5. Approve the attached proposed conciliation agreement to be sent to the Dukakis for President Committee.

93040951781
Date

8/3/92


Lawrence M. Noble
General Counsel

Attachments

1. Request for conciliation
2. Proposed conciliation agreement

Staff Assigned: Anne Weissenborn



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS *[Signature]*
COMMISSION SECRETARY

DATE: AUGUST 11, 1992

SUBJECT: MUR 3143 - GENERAL COUNSEL'S REPORT
DATED AUGUST 3, 1992.

The above-captioned document was circulated to the
Commission on Thursday, August 6, 1992 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 McDonald	<u>XXX</u>
Commissioner McGarry	_____
Commissioner Potter	_____
Commissioner Thomas	_____

This matter will be placed on the meeting agenda
for Tuesday, August 25, 1992. .

Please notify us who will represent your Division before
the Commission on this matter.

93040951782

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3143
Dukakis for President Committee;)
Robert A. Farmer, as treasurer;)
Dukakis/Bentsen Committee;)
Edward Pliner, as treasurer;)
David L. Walters;)
The Walters Company;)
Friends of David Walters.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session on
September 15, 1992, do hereby certify that the Commission
decided by a vote of 5-0 to take the following actions
in MUR 3143:

1. Enter into conciliation with the Dukakis
for President Committee and Robert A.
Farmer, as treasurer, prior to a finding
of probable cause to believe.
2. Find reason to believe that the Friends
of David Walters violated 2 U.S.C.
§§ 433, 434, and 441b, and 11 C.F.R.
§ 102.5(a), but take no further action
with regard to these violations and close
the file as to this respondent.
3. Find reason to believe that the Dukakis/
Bentsen Committee and Edward Pliner, as
treasurer, violated 2 U.S.C. § 441b.

(continued)

93040951783

4. Find reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 26 U.S.C. § 9003(b).
5. Approve the proposed conciliation agreement to be sent to the Dukakis for President Committee as recommended in the General Counsel's report dated August 3, 1992.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter did not vote on this matter.

Attest:

9-16-92
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

93040951784



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
F.E.C.
SECRETARIAT

92 SEP 25 PM 5:03

SENSITIVE

September 25, 1992

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

LMN
(Lak)

SUBJECT: Factual and Legal Analyses - MUR 3143

On September 15, 1992, the Commission found reason to believe that the Friends of David Walters violated 2 U.S.C. §§ 433, 434, and 441b, but voted to take no further action with regard to these violations and to close the file as to this respondent. On the same date the Commission found reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 2 U.S.C. § 441b and 26 U.S.C. 9003(b). Finally, the Commission approved entering into conciliation with the Dukakis for President Committee prior to a finding of probable cause to believe.

The General Counsel's Report which recommended the above determinations omitted the additional recommendation that the Commission approve factual and legal analyses to accompany the letters notifying the first two respondents of the Commission's findings. Attached are such analyses for the Commission's consideration. This Office also recommends approval of the appropriate letters to be sent to these respondents and to counsel for the Dukakis for President Committee.

RECOMMENDATIONS

Approve the attached Factual and Legal Analyses and the appropriate letters.

Attachments

Factual and Legal Analyses (2)

Staff Assigned: Anne Weissenborn

93040951765

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Friends of David Walters.

)
)
) MUR 3143
)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 1, 1992, the Commission decided by a vote of 5-0 to approve the Factual and Legal Analyses and the appropriate letters, as recommended in the General Counsel's Memorandum dated September 25, 1992.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter did not cast a vote.

Attest:

10-1-92
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Fri., Sep. 25, 1992 5:03 p.m.
Circulated to the Commission: Mon., Sep. 28, 1992 11:00 a.m.
Deadline for vote: Thurs., Oct. 01, 1992 4:00 p.m.

bjr

93040951786



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 20, 1992

Carol C. Darr, Esquire
1175 Dolly Madison Blvd.
McLean, VA 22101

RE: MUR 3143
Dukakis/Bentsen Committee
Edward Pliner, as treasurer

Dear Ms. Darr:

On September 15, 1992, the Federal Election Commission found that there is reason to believe your clients, the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 2 U.S.C. § 441b and 26 U.S.C. § 9003(b), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and of Chapter 95 of Title 26, U.S. Code. 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 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.

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days

93040951787

Carol C. Darr, Esquire
page 2

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.

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 Anne A. Weissenborn, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan D. Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures

93040951788

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Dukakis/Bentsen Committee
Edward Pliner, as treasurer

MUR: 3143

Pursuant to 2 U.S.C. § 441b, corporations are prohibited from making contributions in connection with elections for Federal office and political committees are prohibited from accepting such contributions. Contributions include direct or indirect advances made on behalf of a campaign. 2 U.S.C. § 441b(b)(2).

Pursuant to 2 U.S.C. § 441a(a)(1)(A), individual contributors are limited to \$1,000 per election with regard to contributions to candidate committees. 2 U.S.C. § 431(8)(A)(1) defines "contribution" to include any gift, subscription, loan, advance or deposit of money or anything of value for purposes of influencing a Federal election.¹

In 1988, 11 C.F.R. § 100.7(b) exempted from the definition of contribution any unreimbursed payment for transportation expenses incurred by an individual on behalf of any candidate so long as such expenses did not exceed \$1,000 per election. In addition, the same regulatory provision provided that a volunteer's expenditures of

1. Pursuant to 11 C.F.R. § 116.5(b), which became effective in 1990, payments by individuals from personal funds for goods or services used on behalf of a candidate are contributions unless the payment is exempt from the definition of contribution, pursuant to 11 C.F.R. § 100.7(b)(8). Section 116.5(b) makes explicit what has been the Commission's continuing application of 2 U.S.C. § 431(8)(A)(1).

93040951789

personal funds for his or her own subsistence expenses related to volunteer activity were not to be considered contributions.²

26 U.S.C. § 9003 states that in order to be eligible to receive public funding for the presidential general election campaign, the candidates of a major party in that election must certify that neither they nor their authorized committees will accept contributions to defray qualified campaign expenditures.

According to Mr. Walters' answers to interrogatories, "Walters was . . . reimbursed for expenses from the Dukakis campaign, The Walters Company, and Oklahomans for Walters, as part of the ordinary and regular conduct of his business activities. Unless there was an accounting office oversight Walters billed the Dukakis Campaign each month for all reimbursable expenses which he paid the previous month. The campaign was not always timely in paying Walters."

Reports filed by the Dukakis/Bentsen Committee, indicate that on November 14, 1988, expenditures totaling \$3,020 were made to The Walters Company as reimbursements for amounts spent on behalf of the committee. Counsel for the Dukakis campaign, in response to the Commission's interrogatories in the above-cited matter, has stated that the Dukakis/Bentsen Committee reimbursed The Walters Company on November 14 for expenditures totaling \$3,200, not \$3,020.

2. Pursuant to 11 C.F.R. § 116.5(b)(1), payments by an individual for his or her transportation costs, over and above the \$1,000 exempted from the definition of contribution at 11 C.F.R. § 100.7(b)(8), or for subsistence costs, are not contributions provided they are reimbursed within sixty days of the billing date if a credit card is used, or within thirty days if another form of payment is used.

93040951790

The reported reimbursements were as follows:

<u>Amount</u>	<u>Date</u>	<u>Stated Purpose</u>
\$ 140.16	11/14/88	Office Supplies
526.70	11/14/88	Travel Reimburse.
835.21	11/14/88	Dem. Nat'l Conv.
2.35	11/14/88	Volunteer expense
247.22	11/14/88	Instate travel
426.54	11/14/88	Travel/meeting
<u>841.82</u>	11/14/88	Office Expense Reimb.

\$3,020.00 - Total

(1) One Hundred Forty Dollars and Sixteen Cents (\$140.16)

Documentation supplied by Mr. Walters indicates that this expenditure was made by The Walters Company to an office supply company for labels and copier supplies, resulting in a \$140.26 corporate contribution. The invoice is dated February 19, 1988, thus making this a primary election expenditure although the reimbursement was made by the general election committee.

(2) Five Hundred Twenty-Six Dollars and Seventy Cents (\$526.70) [Documentation totals Five Hundred Twenty-Seven Dollars and Seventy-Two Cents (\$527.72)]

Documentation furnished in support of this reimbursement by the Dukakis/Bentsen Committee provides the following details:

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$116.47	10/4-5/88	Hotel (2 nights)	DLW
347.00	9/30/88	Airline	?
3.00		Hotel tips	DLW (?)
6.33		Breakfast	DLW (?)
7.85	10/4/88	Misc -Volunteer	
		Expense (Food)	DLW (?)
1.25		Dinner	DLW (?)
19.65		Volunteer Food	DLW (?)
6.00		Meal	DLW (?)
14.00		Cab	DLW (?)
<u>6.17</u>	10/2/88	Breakfast	DLW (?)

\$527.72 - Total

93040951791

Although all of these expenditures have not been fully documented with canceled checks or credit card statements, it appears that at least \$153.22 was paid by David Walters personally for his own subsistence and travel expenses, including the \$116.47 hotel bill which was paid for by means of his credit card. The \$27.50 (\$7.85 + \$19.65) for food for volunteers would constitute a contribution to the campaign apparently by Mr. Walters.

The only documentation submitted with regard to the airline-related cost of \$347 is a listing of reimbursements due showing that this amount was owed The Walters Company. Thus, in the absence of information to the contrary, it is assumed that this expenditure was made by the Company. The payment would constitute a corporate expenditure on behalf of the Dukakis/Bentsen Committee in violation of 2 U.S.C. § 441b.

(3) Eight Hundred Twenty-Five Dollars and Twenty-One Cents (\$825.21) [Documentation totals Nine Hundred Fifty-Five Dollars and Twenty-One Cents (\$955.21)]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$375.89	7/16-21/88	Hotel	TWC
131.62	7/15-16/88	Hotel	TWC
420.00	7/15-22/88	Entertainment, meals, cabs, T-shirts (\$100)	DLW
<u>27.79</u>	7/20/88	Meal	DLW
\$955.21 - Total			

According to the documentation provided, The Walters Company paid hotel bills totaling \$507.42 for which it was reimbursed four months later by the Dukakis/Bentsen Committee. These expenditures should be added to those involved in violations of 2 U.S.C. § 441b.

23040951792

The Dukakis/Bentsen Committee also paid \$447.79 to the company for expenditures made on its behalf by David Walters. Of this amount, \$27.79 apparently involved Mr. Walters' own subsistence expenditures and thus did not constitute contributions; however, the remaining \$420.00 apparently consisted of expenses for non-exempt goods and services. Therefore, the \$420 would constitute in-kind contributions which Mr. Walters made to the Dukakis/Bentsen Committee.

(4) Two Dollars and Thirty-Five Cents (\$2.35)

It is assumed that this payment was made by David Walters. Thus, it should be added to his in-kind contributions to the Dukakis/Bentsen Committee.

(5) Two Hundred Forty-Seven Dollars and Twenty-Two (\$247.22)
[Documentation totals Two Hundred Forty-Nine Dollars
(\$249.00)]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$212.13	9/26-11/7/88	Travel-Instate Mileage	DLW (?)
16.87	9/27/88	Food	DLW
<u>20.00</u>	9/20/88	Bentsen Staff/Advance Exp.	DLW (?)
\$249.00 - Total			

According to the reimbursement form submitted in support of these expenditures, it appears that David Walters made numerous trips within Oklahoma between September 26 and November 7, 1988 on behalf of the Dukakis/Bentsen Committee for which he billed the committee \$212.13 for mileage. These charges would come within the \$1,000 transportation exception to the definition of "contribution." He also submitted bills for \$16.87 in food, which would be exempt as a subsistence charge. The remaining \$20.00 should be added to his contributions to the Dukakis/Bentsen Committee.

93040951793

(6) Four Hundred Twenty-Six Dollars and Fifty-Four Cents
(\$426.54) [Documentation totals Four Hundred Eighty-Six
Dollars and Fifty-Four Cents (\$486.54)]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$365.12	7/7/88	Hotel- Boston	DLW
40.00	7/8/88	Restaurant - Boston	DLW
43.22	7/10/88	Hotel-Boston	DLW
27.34	7/22/88	Hotel-Okla.	DLW
78.00	8/2/88	Okla. Tourism	DLW
32.40	8/5/88	Restaurant	DLW
\$586.08			
-99.54 ³			
\$486.54	Total		

All of the expenditures in this grouping were made by means of a credit card issued in the name of David L. Walters. Thus, they appear to have been personal expenditures even though the reimbursement went to The Walters Company.

It cannot be determined from the information in hand whether all of the hotel expenditures were related only to Mr. Walters' accommodations. Thus, only the \$70.56 in expenditures on July 10 and July 22 are treated here as hotel-related expenditures exempt from the definition of contribution. The \$32.40 for a restaurant bill also appears to be exempt, leaving \$383.58 as contributions from Mr. Walters to the Dukakis/Bentsen Committee.

(7) Eight Hundred Forty-One Dollars and Eighty-Two Cents
(\$841.82)

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$ 11.00		Federal Express	TWC
14.06		Telephone	(?)
100.00		Postage	(?)
111.35		Car Rental	(?)
185.43		Telephone	(?)
53.85		Pagers	(?)
24.90		Telephone	TWC
41.73		Copy Paper	(?)

93040951794

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
50.38		Computer	(?)
68.00	10/27/88	Fax Rental	TWC
136.00	10/27/88	Fax Rental	TWC
<u>45.12</u>	11/7/88	T&E	DLW

\$841.82 - Total

According to the documentation in hand, the last item for \$45.12 was clearly paid for by David Walters rather than by The Walters Company. Thus, it appears that the Company made additional in-kind contributions totaling \$796.70 to the Dukakis/Bentsen Committee. Mr. Walters' payment of \$45.12 was to a hotel, thus bringing it within the exemptions to contributions.

(8) Summary

After subtracting the reimbursements owed Mr. Walters personally, there remains \$1,651.12 in advances which were apparently made by The Walters Company on behalf of the Dukakis/Bentsen Committee. Therefore, there is reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 2 U.S.C. § 441b by accepting corporate contributions.

The combined contributions from David Walters and The Walters Company to the Dukakis/Bentsen Committee total approximately \$2,500. There is reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 26 U.S.C. § 9003(b) by accepting contributions to defray qualified campaign expenses.

93040951795



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 20, 1992

R. Thomas Seymour, Esquire
Suite 230
Mid-Continent Tower
Tulsa, OK 74103

RE: MUR 3143
Friends of David Walters

Dear Mr. Seymour:

On September 15, 1992, the Federal Election Commission found reason to believe that the Friends of David Walters violated 2 U.S.C. §§ 433, 434, and 441b, and 11 C.F.R. § 102.5(a), provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and of the Commission's regulations. After considering the circumstances of this matter, the Commission also determined to take no further action and closed its file. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission reminds you that expenditures made on behalf of the Dukakis for President Committee from a Friends of David Walters account appear to have resulted in violations of the Act. Steps should be taken to insure that this activity does not occur in the future.

The file will be placed on 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

93040951796

R. Thomas Seymour, Esquire
page 2

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.

If you have any questions, please contact Anne Weissenborn, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan D. Aikens

Joan D. Aikens
Chairman

Enclosure
Factual and Legal Analysis

93040951797

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Friends of David Walters

MUR: 3143

2 U.S.C. § 441b prohibits the making of contributions by labor organizations in connection with federal elections and the receipt of such contributions by political committees. 2 U.S.C. § 431(4)(A) defines "political committee" to include any committee which makes expenditures in excess of \$1,000 during a calendar year. Pursuant to 2 U.S.C. § 431(9), an "expenditure" includes any payment or advance made to influence any election for federal office.

2 U.S.C. § 433 requires that all committees register with the Commission within 10 days after becoming political committees, while 2 U.S.C. § 434 requires that all political committees file periodic reports with the Commission. 11 C.F.R. § 102.5(a) requires that organizations involved in both federal and non-federal activities either establish a separate federal account into which only funds permissible under the Act are placed, or establish a separate political committee which will receive only contributions permissible under the Federal Election Campaign Act, whether or not such contributions are to be used for non-federal as well as federal purposes.

On April 19, 1988, David L. Walters made an expenditure to Don Hoover on behalf of the Dukakis for President Committee in the amount of \$1,050 by means of a check written on the account of Friends of David Walters. This latter committee was Mr. Walters' state committee for his gubernatorial campaign in 1986.

93040951798

Oklahoma law prohibits corporate contributions, but permits labor union contributions to candidates for state office of up to \$5,000. Thus, it is probable that the payment of \$1,050 to Don Hoover for Dukakis campaign-related purposes came from an account which contained labor union monies.

It appears that Friends for David Walters became a political committee as a result of the \$1,050 in expenditures made on behalf of the Dukakis for President Committee, but that it did not register or report as a committee, in violation of 2 U.S.C. § 433 and § 434. Further, it appears that Friends for David Walters violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a) by making expenditures on behalf of Dukakis for President from an account containing labor organization contributions.

Therefore, there is reason to believe that Friends for David Walters violated 2 U.S.C. §§ 433, 434, and 441b, and 11 C.F.R. § 102.5(a)

93040951799

RECEIVED
F.E.C.
SECRETARIAT

92 OCT 23 PM 5:27



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

October 23, 1992

Carol C. Darr, Esquire
1175 Dolly Madison Blvd.
McLean, VA 22101

RE: MUR 3143
Dukakis for President
Committee
Robert A. Farmer, as
treasurer

Dear Ms. Darr:

Based on a complaint filed with the Federal Election Commission on October 15, 1990, and on information supplied by your clients, the Commission, on March 16, 1991, and May 10, 1991, found that there was reason to believe your clients had violated 2 U.S.C. § 441b by accepting contributions from GSMI, Inc., and from David L. Walters, the then apparent receiver for GSMI, Inc., in the form of discounted rent. Later, on October 22, 1991, the Commission found reason to believe that the Committee had violated 2 U.S.C. § 441b(a) and § 441a(f) by accepting advances made on its behalf by The Walters Company and Mr. Walters. The Commission instituted an investigation of this matter. On January 6, 1992, you requested pre-probable cause conciliation on behalf of your clients.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that the Committee violated 2 U.S.C. § 441b with regard to the issue of allegedly discounted rent. The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five

93040951800

Carol C. Darr, Esquire
page 2

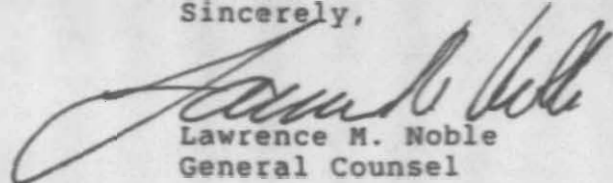
days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

The issues of excessive and prohibited advances received by your clients from Mr. Walters and The Walters Company have been addressed by the Commission within the context of your request for pre-probable cause conciliation. On September 15, 1992, the Commission determined to enter into conciliation with your clients in these regards prior to findings of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of these violations. 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 Anne A. Weissenborn, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosures
Brief
Conciliation Agreement

93040951801

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Dukakis for President Committee
Robert A. Farmer, as treasurer

)
)
)
)
)

MUR 3143

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On March 26, 1991, and May 10, 1991, the Commission found reason to believe that the Dukakis for President Committee ("the Committee") and Robert A. Farmer, as treasurer, had violated 2 U.S.C. § 441b by receiving in-kind corporate contributions in the form of discounted rent on office space in a building owned by GSMI, Inc., which was located at 5500 North Western, Oklahoma City, Oklahoma. Later, on October 22, 1991, the Commission found reason to believe that the Committee had violated 2 U.S.C. § 441b(a) by accepting prohibited contributions from David L. Walters, the then apparent receiver for GSMI, Inc., in the form of discounted rent.

II. ANALYSIS

1. Applicable Law and Precedent

2 U.S.C. §441b prohibits a political committee from knowingly accepting contributions from incorporated entities in connection with any election for federal office. 2 U.S.C. § 441b(b)(2) defines a corporate contribution to include "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value" 11 C.F.R. § 100.7(a)(1)(iii) generally defines "anything of value" to

93040951802

include all in-kind contributions which in turn are defined as including any goods or services furnished at less than the usual and normal charge.

Pursuant to the general law of receivership, a person or corporation whose property is placed in the hands of a receiver has no control over that receiver or his or her agents. Absent a statutory liability or agreement to assume liability, the person or corporation is not liable for the contractual obligations or negligence of the receiver. If a receiver is appointed on application of creditors to take charge of company property in the creditors' interest, he or she is not a servant or agent of the debtor company and thus the company is not liable for the receiver's negligence. 66 Am Jur 2d Receivers § 356. The liability of receivers as to both contractual and tort relationships is in their official capacity, except where they are personally at fault. "Such official liability of a receiver is, strictly speaking, that of the court appointing the receiver, and it is not that of parties to the litigation, since such parties have no authority or control over the receiver or his acts." 66 Am Jur Receivers § 359.

Further, a receiver is not individually liable on contracts made in his or her official capacity with the court's approval. A receiver may be personally liable on a contract entered into without the sanction of the court. 1 H. Tardy, Law and Procedure of Receivers § 38 (1920).

93040951303

2. Application of Law to Facts

David L. Walters, now the Governor of the State of Oklahoma, served in 1988 as the volunteer state chairman of the presidential campaign of Michael Dukakis in Oklahoma. According to his answers to interrogatories, at the time of the Dukakis campaign Mr. Walters was the president of The Walters Company "which managed approximately 15 properties of various owners; he was also actively preparing to run for Governor of Oklahoma in 1990." The answers to interrogatories signed by Mr. Walters on behalf of The Walters Company state that the company "performed property management, consulting, leasing, small construction and renovation administration, and district court and federal court receiverships on a daily basis."

On May 13, 1988, Mr. Walters was appointed by the District Court of Oklahoma County to be the receiver of certain real property, then owned by GSMI, Inc., called the One Western Plaza Building located at 5500 North Western Street in Oklahoma City. As receiver, Mr. Walters was responsible for leasing office space in this building. He leased such space to the Committee on a month-to-month basis commencing on July 12, 1988, and terminating September 30, 1988. The lease agreement called for the Committee to pay \$500 per month. The Committee occupied the leased space at 5500 North Western Street during July and August, moving out at the end of August.

According to the complaint filed in this matter, the rent charged the Dukakis campaign for its space at 5500 North Western Street was approximately \$1,500 less per month than that charged

93040951804

for comparable leases in the same building. The complaint was based upon an article which appeared in the Saturday Oklahoman & Times on October 6, 1990, and which stated that Mr. Walters had leased space to the Committee during his receivership at \$1.79 per square foot while he had approved other leases for five new tenants requiring at least \$8.00 per square foot. Other, existing tenants were at the time assertedly being charged between \$6.52 and \$13.25 per square foot.

93040951805

In response to the complaint, Mr. Walters submitted an affidavit stating that the area rented to the Dukakis campaign was a 3,348 square foot space on the ground floor of the building in question which "had been configured for a previous tenant to provide a large open area with fixtures in the floor of numerous half-partitions. From our marketing efforts we knew this space had been and would continue to be very difficult to lease." Mr. Walters went on to state that "in July, 1988, the overall vacancy rate for office space in Oklahoma City was over 20%" and that as of July 1, 1988, "approximately 17.5% of One Western Plaza was vacant, of which the space rented to the Dukakis presidential campaign was 6.22% of that 17.5%." He reiterated that the area at issue was on the ground floor and argued that "[o]ne of the important principles of leasing a multi-story building of this type is to have activity on as much of the ground floor as possible."

Mr. Walters continued, "As a court-appointed receiver, my duty was to maximize revenue at One Western Plaza." He also asserted, "During the term [of the Committee's lease], no

opportunity was presented to lease such space to any prospective tenant, whether on a long term, short term, or month-to-month basis."

According to Mr. Walters, the space was rented to the Dukakis campaign "strictly 'as is'." He further asserted,

The space . . . was rented beginning January, 1990 on a five year basis. To induce the signing of such lease, tenant improvements of \$25,188 (or, over \$7.50 per sq. ft.) had to be agreed to by me as receiver. In addition, as a tenant concession, I had to agree to three months free rent, which is \$6,945. In addition, in connection with such lease \$8,334.01 in leasing commissions had to be paid. Aggregated, the cash concessions through the first three months of the new lease total \$40,467.00.

One Western Plaza in 1988, and as of today, is not an office building where month-to-month leases are common. There were no other month-to-month arrangements at that time, nor are there now [as of November, 1990].

According to the Office Lease signed by the new tenant, Magnolia Foods, Inc., on November 22, 1989, and to the related Lease Analysis, the new tenant was to pay an average rental of \$8.30 per sq. ft. (three years at \$8.00 and two years at \$8.50). The Analysis contains the figures for free rent, tenant improvements, and leasing commissions given above.

Counsel for the Committee, in response to the complaint, also argued that "the amount of the rent that was tendered was commercially reasonable considering the facts that the space was unattractive, no improvements were made prior to our occupancy, and our lease was for a brief duration." Counsel also pointed out that after the Dukakis campaign vacated the building, "the space remained vacant for over two years, until January 1990. Even

93040951806

then, a substantial amount of improvements were undertaken in order to attract a new tenant."

In response to the Commission's initial reason to believe determinations, counsel for Mr. Walters in a June 4, 1991, letter emphasized that his client was appointed receiver only of the office building at issue, not of its owner, GSMI, Inc. According to counsel,

Under the receivership law of the State of Oklahoma, the court may step into the otherwise private business affairs of individuals and corporations, under appropriate legal circumstances, remove property from the care, custody and control of such entities, and place property in the hands of a receiver. Because the receiver is acting as a wholly separate entity, he is required, by statute, to post a bond before he may undertake his activities. On May 13, 1988 David Walters posted a \$40,000 receiver's bond with the District Court of Oklahoma County. . . .

Any act of defalcation on the part of a receiver is not the responsibility of the party who formerly had the care, custody and control of the property and has legal title throughout the receivership (in this case, GSMI). It is the responsibility of the receiver, and that is why he must post a bond. Accordingly, the receiver acts only and at all times as receiver, not as the displaced corporation. (Emphasis in original).

Counsel ended his response with the statement, "In sum, the Commission's finding that Mr. Walters was acting as GSMI is wholly without foundation in the law. No matter how else one views what transpired here, it is clear that GSMI did nothing, ever. Accordingly, no corporate campaign contribution is involved in any way, shape or form." (Emphasis in original.) Later, in response to interrogatories, Mr. Walters stated, "Walters has never had any relationships with GSMI, Inc."

93040951807

In its responses to the initial reason to believe determination and to questions posed by the Commission, the Committee stated that the office rental at issue was handled entirely by David Walters. Counsel noted that in November, 1988, Mr. Walters had filed a final report as receiver of the property at One Western Plaza with the District Court and that the court had

accepted his report and discharged him as having properly fulfilled . . . his duties as the independent Receiver for the specific assets placed in his care, custody, and control. His bond was released. The District Court of Oklahoma, having jurisdiction over the property, found that Mr. Walters fulfilled his duties to maximize the income from the property.

In response to Commission interrogatories and requests for documents, Mr. Walters provided more details with regard to his appointment and service as receiver of the building at 5500 North Western. He stated that during the period of this particular receivership, which was in effect between May 13, 1988, and November 21, 1988, he "managed or consulted on the management of seven properties on behalf of Mutual Security Life Insurance Company ["Mutual Security"], the holder of the mortgage on 5500 North Western. In some of these other six instances, Walters also served as receiver for a specific piece of property, under court appointment and appropriate bonding." In June, 1988, The Walters Company entered into a contract with Mutual Security to provide management services for the building here at issue after the receivership was concluded and legal title vested in the

93040951808

insurance company. As noted above, the receivership ended the following November.

According to the answers to interrogatories, "Walters sought and received the approval of the agent of Mutual Security Life Insurance Company for the renting of the space to the Dukakis for President Committee." That agent was Global Equity Company with which Mr. Walters was assertedly consulting or managing seven buildings for Mutual Security.

Walters would therefore have no motive to do anything to jeopardize his relationship with Mutual Security or its agent. The management agreement The Walters Company signed with Global Equity Company required that the agent, Global Equity Realty, approve all lease agreements and rental rates. In [a] letter to Mr. Larry Willis of Global Equity Realty dated July 5, 1988, Walters refers to the lease. Walters also had verbal communications with Mr. Willis about the lease and the amount of rent to charge.

Mr. Walters filed a report in July, 1988 with the district court of Oklahoma County in which the rental to the Dukakis for President Committee effective August 1, 1988 was disclosed, including the \$500 per month rental charge. The report to the court read, "A month to month lease with the Dukakis Campaign has been executed for 3347 sq.ft. at \$500 per month. Since this lease is only for three months it was believed that the activity and visibility as a result of this lease justified a rate that will only cover operating costs."

The report filed with the court by Mr. Walters as of August 1, 1988, enclosed a Rent Roll showing that of 31 office or office suites, six were vacant. Most of the vacant units were smaller in square feet than those leased to the Dukakis committee.

93040951309

Later, Mr. Walters as receiver filed a final report with the court. According to his answers to interrogatories, "At no time did the district court or any party object to the actions of Walters as disclosed in the reports of the receiver. Receiver's reports, unless objected to, stand approved by the district court of Oklahoma County."

Mr. Walters goes on to state in the answers to interrogatories that when the Dukakis Committee moved out of the space it "moved to a smaller space, at a lower rent. It should be noted that the Dukakis for President Committee only needed approximately 1000 square feet." The Committee could have been placed in a smaller area at 5500 North Western, but those other areas were deemed easier to rent. "Because of the half-partitions installed for the finance company operations of the previous tenant, GMAC [General Motors Acceptance Corporation], the space rented to the Dukakis for President Committee was the last desirable space in the building and could not be rented without extensive remodeling. If the Dukakis for President Committee had been rented only the amount of space needed, the adjusted per square foot rate would have been substantially higher."

When the space used by the Dukakis campaign was finally rented on a long-term basis beginning in January, 1990, it was the owner, by then Mutual Security Life Insurance Company, which obligated itself to fund the \$25,188 in improvements required by the new tenant.

More recently, counsel for Mr. Walters has furnished an affidavit dated January 31, 1992, from Charles E. Wiggin,

93040951810

93040951811

president of Wiggin Properties, Inc., a firm which, according to the affidavit, "has specialized in office space leasing in Oklahoma City for the past eleven years." In his affidavit, Mr. Wiggin states,

I have reviewed the lease records of 5500 North Western, Oklahoma City, Oklahoma for the summer of 1988. From those records, I am aware that the Dukakis for President Committee rented 3,347 sf on a month-to-month basis, at a rental rate of \$1.79 per sf. I am advised that the \$1.79 rate covered operating costs of this space, and based on my property management experience, I believe this to be true. I am advised that the space was rented on an as-is basis, and that it was occupied by the Dukakis for President Committee for a period of two months, after which they moved out and into much smaller space. I am advised that the space was not subsequently rented to an other tenant until January, 1990, and that the subsequent rental required an expenditure of \$25,000 for reconstruction of the space, as well as certain other concessions.

Based on these facts, I am of the opinion that the renting of the space to the Dukakis for President Committee for the rate of \$1.79 per sf was commercially reasonable. It provided a modest incremental income to the property in excess of incremental operating costs. It brought people into the building who would not otherwise be there and thereby supported the leasing efforts of the building. As a short term lease, it was unlikely to interfere with the leasing of the suite on a long term basis.

This type of arrangement is not uncommon. Many landlords will, on occasion, offer space for a short period of time at very low rent if there is no cost to them of doing so. I believe that this lease was a reasonable transaction for this landlord and was in the landlord's interest.

It appears that, pursuant to the general law of receivership and to Oklahoma law, the granting of the lease to the Dukakis for President Committee by the court-appointed receiver, David Walters, was not attributable to GSMI, Inc. Mr. Walters was not

acting as the agent of that corporation; rather, his role in leasing space in the initially GSMI-owned building was as an agent of the court. And the court, by accepting his reports regarding his leasing activities, approved his management of the property, thus removing any personal liability on his part.

Further, it appears that, in light of the nature of the space leased by the Dukakis campaign, the month-to-month length of that lease, the status of the office rental market in Oklahoma City, and the strictures and requirements placed on Mr. Walters' receivership of the building by the court and by his agreement with the mortgage holder through its agent, Global Equity Realty, the rent charged the Dukakis committee was commercially reasonable. The space was not one being sought by non-political tenants, as witness the lapse of more than a year before the next tenant was procured and the amount which the owner had to spend on improvements in order to accommodate that next tenant. Month-to-month leases are apparently relatively unusual and not readily comparable to longer term arrangements. The vacancy rate in Oklahoma City in 1988 was fairly high. And perhaps most importantly, at least two other parties, i.e., the prospective owner and the court, which were not connected to the Dukakis campaign, were involved in the determination of rents and neither apparently sought to raise the rent being charged the Committee.

For the above reasons, it is the recommendation of the Office of the General Counsel that the Commission find no probable cause to believe that the Committee violated 2 U.S.C. § 431b with regard to rent charged the Committee.

93040951312

III. GENERAL COUNSEL'S RECOMMENDATION

find no probable cause to believe that the Dukakis for President Committee and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b with regard to the rent charged the Committee for office space at 5500 North Western Street, Oklahoma City.

Date

10/27/92

Lawrence M. Noble
General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 23, 1992

R. Thomas Seymour, Esquire
Suite 230
Mid-Continent Tower
Tulsa, Oklahoma 74103

RE: MUR 3143
David L. Walters
The Walters Company

Dear Mr. Seymour:

Based on a complaint filed with the Federal Election Commission on October 15, 1990, and on information supplied by your clients, the Commission, on October 22, 1991, found that there was reason to believe that David L. Walters had violated 2 U.S.C. §§ 441a(a)(1)(A) and 441b(a), and that The Walters Company had violated 2 U.S.C. § 441b(a). The Commission instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that David L. Walters violated 2 U.S.C. § 441b(a) with regard to rent paid by the Dukakis for President Committee for office space, and probable cause to believe that he violated 2 U.S.C. § 441a(a)(1)(A) and § 441b(a) with regard to advances made on behalf of the Dukakis for President Committee and the Dukakis/Bentsen Committee in 1987 and 1988. This Office is also prepared to recommend that the Commission find probable cause to believe that The Walters Company violated 2 U.S.C. § 441b(a).

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

If you are unable to file responsive briefs within 15 days, you may submit a written request for an extension of time. All

93040951314

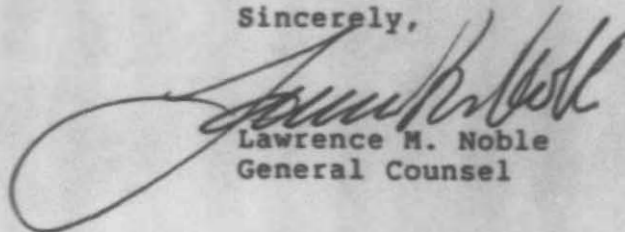
R. Thomas Seymour, Esquire
page 2

requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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

Should you have any questions, please contact Anne A. Weissenborn, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble
General Counsel

Enclosures
Briefs (2)

93040951815

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
David L. Walters

)
)
)

MUR 3143

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On October 22, 1991, the Commission found reason to believe that David L. Walters had violated 2 U.S.C. § 441b(a) by consenting to in-kind corporate contributions from GSMI, Inc., to the Dukakis for President Committee in the form of discounted rent on office space in a building owned by GSMI, Inc., and located at 5500 North Western, Oklahoma City, Oklahoma. The Commission also found reason to believe that David L. Walters had violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Dukakis for President Committee.

II. ANALYSIS

A. Discounted Rent

1. Applicable Law and Precedent

2 U.S.C. §441b prohibits corporations from making contributions in connection with any election for federal office. 2 U.S.C. § 441b(b)(2) defines a corporate contribution to include "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value" 11 C.F.R. § 100.7(a)(1)(iii) generally defines "anything of value" to include all in-kind contributions which in turn are defined as including any goods or services furnished at less than the usual and normal charge. 2 U.S.C. § 441b also

93040951816

prohibits an officer of a corporation from consenting to any contribution by the corporation prohibited by this section.

Pursuant to the general law of receivership, a person or corporation whose property is placed in the hands of a receiver has no control over that receiver or his or her agents. Absent a statutory liability or agreement to assume liability, the person or corporation is not liable for the contractual obligations or negligence of the receiver. If a receiver is appointed on application of creditors to take charge of company property in the creditors' interest, he or she is not a servant or agent of the debtor company and thus the company is not liable for the receiver's negligence. 66 Am Jur 2d Receivers § 356. The liability of receivers as to both contractual and tort relationships is in their official capacity, except where they are personally at fault. "Such official liability of a receiver is, strictly speaking, that of the court appointing the receiver, and it is not that of parties to the litigation, since such parties have no authority or control over the receiver or his acts." 66 Am Jur Receivers § 359.

Further, a receiver is not individually liable on contracts made in his or her official capacity with the court's approval. A receiver may be personally liable on a contract entered into without the sanction of the court. 1 H. Tardy, Law and Procedure of Receivers § 38 (1920).

2. Application of Law to Facts

David L. Walters, now Governor of the State of Oklahoma, served in 1988 as the volunteer state chairman of the presidential

93040951817

campaign of Michael Dukakis in Oklahoma. According to his answers to interrogatories, at the time of the Dukakis campaign Mr. Walters was the president of The Walters Company "which managed approximately 15 properties of various owners; he was also actively preparing to run for Governor of Oklahoma in 1990." The answers to interrogatories signed by Mr. Walters on behalf of The Walters Company state that the company "performed property management, consulting, leasing, small construction and renovation administration, and district court and federal court receiverships on a daily basis."

On May 13, 1988, Mr. Walters was appointed by the District Court of Oklahoma County to be the receiver of certain real property, then owned by GSMI, Inc., called the One Western Plaza Building located at 5500 North Western Street in Oklahoma City. As receiver, Mr. Walters was responsible for leasing office space in this building. He leased such space to the Committee on a month-to-month basis commencing on July 12, 1988, and terminating September 30, 1988. The lease agreement called for the Committee to pay \$500 per month. The Committee occupied the leased space at 5500 North Western Street during July and August, moving out at the end of August.

According to the complaint filed in this matter, the rent charged the Dukakis campaign for its space at 5500 North Western Street was approximately \$1,500 less per month than that charged for comparable leases in the same building. The complaint was based upon an article which appeared in the Saturday Oklahoman & Times on October 6, 1990, and which stated that Mr. Walters had

93040951818

leased space to the Committee during his receivership at \$1.79 per square foot while he had approved other leases for five new tenants requiring at least \$8.00 per square foot. Other, existing tenants were at the time assertedly being charged between \$6.52 and \$13.25 per square foot.

In response to the complaint, Mr. Walters submitted an affidavit stating that the area rented to the Dukakis campaign was a 3,348 square foot space on the ground floor of the building in question which "had been configured for a previous tenant to provide a large open area with fixtures in the floor of numerous half-partitions. From our marketing efforts we knew this space had been and would continue to be very difficult to lease." Mr. Walters went on to state that "in July, 1988, the overall vacancy rate for office space in Oklahoma City was over 20%" and that as of July 1, 1988, "approximately 17.5% of One Western Plaza was vacant, of which the space rented to the Dukakis presidential campaign was 6.22% of that 17.5%." He reiterated that the area at issue was on the ground floor and argued that "[o]ne of the important principles of leasing a multi-story building of this type is to have activity on as much of the ground floor as possible."

Mr. Walters continued, "As a court-appointed receiver, my duty was to maximize revenue at One Western Plaza." He also asserted, "During the term [of the Committee's lease], no opportunity was presented to lease such space to any prospective tenant, whether on a long term, short term, or month-to-month basis."

93040951819

According to Mr. Walters, the space was rented to the Dukakis campaign "strictly 'as is'." He further asserted,

The space . . . was rented beginning January, 1990 on a five year basis. To induce the signing of such lease, tenant improvements of \$25,188 (or, over \$7.50 per sq. ft.) had to be agreed to by me as receiver. In addition, as a tenant concession, I had to agree to three months free rent, which is \$6,945. In addition, in connection with such lease \$8,334.01 in leasing commissions had to be paid. Aggregated, the cash concessions through the first three months of the new lease total \$40,467.00.

One Western Plaza in 1988, and as of today, is not an office building where month-to-month leases are common. There were no other month-to-month arrangements at that time, nor are there now [as of November, 1990].

According to the Office Lease signed by the new tenant, Magnolia Foods, Inc., on November 22, 1989, and to the related Lease Analysis, the new tenant was to pay an average rental of \$8.30 per sq. ft. (three years at \$8.00 and two years at \$8.50). The Analysis contains the figures for free rent, tenant improvements, and leasing commissions given above.

Counsel for the Committee, in response to the complaint, also argued that "the amount of the rent that was tendered was commercially reasonable considering the facts that the space was unattractive, no improvements were made prior to our occupancy, and our lease was for a brief duration." Counsel also pointed out that after the Dukakis campaign vacated the building, "the space remained vacant for over two years, until January 1990. Even then, a substantial amount of improvements were undertaken in order to attract a new tenant."

93040951-820

In response to the Commission's initial reason to believe determinations, counsel for Mr. Walters in a June 4, 1991, letter emphasized that his client was appointed receiver only of the office building at issue, not of its owner, GSMI, Inc. According to counsel,

Under the receivership law of the State of Oklahoma, the court may step into the otherwise private business affairs of individuals and corporations, under appropriate legal circumstances, remove property from the care, custody and control of such entities, and place property in the hands of a receiver. Because the receiver is acting as a wholly separate entity, he is required, by statute, to post a bond before he may undertake his activities. On May 13, 1988 David Walters posted a \$40,000 receiver's bond with the District Court of Oklahoma County. . . .

Any act of defalcation on the part of a receiver is not the responsibility of the party who formerly had the care, custody and control of the property and has legal title throughout the receivership (in this case, GSMI). It is the responsibility of the receiver, and that is why he must post a bond. Accordingly, the receiver acts only and at all times as receiver, not as the displaced corporation. (Emphasis in original).

Counsel ended his response with the statement, "In sum, the Commission's finding that Mr. Walters was acting as GSMI is wholly without foundation in the law. No matter how else one views what transpired here, it is clear that GSMI did nothing, ever. Accordingly, no corporate campaign contribution is involved in any way, shape or form." (Emphasis in original.) Later, in response to interrogatories, Mr. Walters stated, "Walters has never had any relationships with GSMI, Inc."

In its responses to the initial reason to believe determination and to questions posed by the Commission, the

93040951821

Committee stated that the office rental at issue was handled entirely by David Walters. Counsel noted that in November, 1988, Mr. Walters had filed a final report as receiver of the property at One Western Plaza with the District Court and that the court had

accepted his report and discharged him as having properly fulfilled . . . his duties as the independent Receiver for the specific assets placed in his care, custody, and control. His bond was released. The District Court of Oklahoma, having jurisdiction over the property, found that Mr. Walters fulfilled his duties to maximize the income from the property.

930409518222

In response to Commission interrogatories and requests for documents, Mr. Walters provided more details with regard to his appointment and service as receiver of the building at 5500 North Western. He stated that during the period of this particular receivership, which was in effect between May 13, 1988, and November 21, 1988, he "managed or consulted on the management of seven properties on behalf of Mutual Security Life Insurance Company ["Mutual Security"], the holder of the mortgage on 5500 North Western. In some of these other six instances, Walters also served as receiver for a specific piece of property, under court appointment and appropriate bonding." In June, 1988, The Walters Company entered into a contract with Mutual Security to provide management services for the building here at issue after the receivership was concluded and legal title vested in the insurance company. As noted above, the receivership ended the following November.

According to the answers to interrogatories, "Walters sought and received the approval of the agent of Mutual Security Life Insurance Company for the renting of the space to the Dukakis for President Committee." That agent was Global Equity Company with which Mr. Walters was assertedly consulting or managing seven buildings for Mutual Security.

Walters would therefore have no motive to do anything to jeopardize his relationship with Mutual Security or its agent. The management agreement The Walters Company signed with Global Equity Company required that the agent, Global Equity Realty, approve all lease agreements and rental rates. In [a] letter to Mr. Larry Willis of Global Equity Realty dated July 5, 1988, Walters refers to the lease. Walters also had verbal communications with Mr. Willis about the lease and the amount of rent to charge.

Mr. Walters filed a report in July, 1988 with the district court of Oklahoma County in which the rental to the Dukakis for President Committee effective August 1, 1988 was disclosed, including the \$500 per month rental charge. The report to the court read, "A month to month lease with the Dukakis Campaign has been executed for 3347 sq.ft. at \$500 per month. Since this lease is only for three months it was believed that the activity and visibility as a result of this lease justified a rate that will only cover operating costs."

The report filed with the court by Mr. Walters as of August 1, 1988, enclosed a Rent Roll showing that of 31 offices or office suites, six were vacant. Most of the vacant units were smaller in square feet than those leased to the Dukakis committee. Later, Mr. Walters as receiver filed a final report with the court. According to his answers to interrogatories, "At no time

93040951823

did the district court or any party object to the actions of Walters as disclosed in the reports of the receiver. Receiver's reports, unless objected to, stand approved by the district court of Oklahoma County."

Mr. Walters goes on to state in the answers to interrogatories that when the Dukakis Committee moved out of the space it "moved to a smaller space, at a lower rent. It should be noted that the Dukakis for President Committee only needed approximately 1000 square feet." The Committee could have been placed in a smaller area at 5500 North Western, but those other areas were deemed easier to rent. "Because of the half-partitions installed for the finance company operations of the previous tenant, GMAC [General Motors Acceptance Corporation], the space rented to the Dukakis for President Committee was the last desirable space in the building and could not be rented without extensive remodeling. If the Dukakis for President Committee had been rented only the amount of space needed, the adjusted per square foot rate would have been substantially higher."

When the space used by the Dukakis campaign was finally rented on a long-term basis beginning in January, 1990, it was the owner, by then Mutual Security Life Insurance Company, which obligated itself to fund the \$25,188 in improvements required by the new tenant.

More recently, counsel for Mr. Walters has furnished an affidavit dated January 31, 1992, from Charles E. Wiggin, president of Wiggin Properties, Inc., a firm which, according to the affidavit, "has specialized in office space leasing in

93040951824

Oklahoma City for the past eleven years." In his affidavit, Mr. Wiggin states,

I have reviewed the lease records of 5500 North Western, Oklahoma City, Oklahoma for the summer of 1988. From those records, I am aware that the Dukakis for President Committee rented 3,347 sf on a month-to-month basis, at a rental rate of \$1.79 per sf. I am advised that the \$1.79 rate covered operating costs of this space, and based on my property management experience, I believe this to be true. I am advised that the space was rented on an as-is basis, and that it was occupied by the Dukakis for President Committee for a period of two months, after which they moved out and into much smaller space. I am advised that the space was not subsequently rented to another tenant until January, 1990, and that the subsequent rental required an expenditure of \$25,000 for reconstruction of the space, as well as certain other concessions.

Based on these facts, I am of the opinion that the renting of the space to the Dukakis for President Committee for the rate of \$1.79 per sf was commercially reasonable. It provided a modest incremental income to the property in excess of incremental operating costs. It brought people into the building who would not otherwise be there and thereby supported the leasing efforts of the building. As a short term lease, it was unlikely to interfere with the leasing of the suite on a long term basis.

This type of arrangement is not uncommon. Many landlords will, on occasion, offer space for a short period of time at very low rent if there is no cost to them of doing so. I believe that this lease was a reasonable transaction for this landlord and was in the landlord's interest.

It appears that, pursuant to the general law of receivership and to Oklahoma law, the granting of the lease to the Dukakis for President Committee by the court-appointed receiver, David Walters, was not attributable to GSMI, Inc. Mr. Walters was not acting as the agent of that corporation; rather, his role in leasing space in the initially GSMI-owned building was as an agent

93040951825

of the court. And the court, by accepting his reports regarding his leasing activities, approved his management of the property, thus removing any personal liability on his part.

Further, it appears that, in light of the nature of the space leased by the Dukakis campaign, the month-to-month length of that lease, the status of the office rental market in Oklahoma City, and the strictures and requirements placed on Mr. Walters' receivership of the building by the court and by his agreement with the mortgage holder through its agent, Global Equity Realty, the rent charged the Dukakis committee was commercially reasonable. The space was not one being sought by non-political tenants, as witness the lapse of more than a year before the next tenant was procured and the amount which the owner had to spend on improvements in order to accommodate that next tenant. Month-to-month leases are apparently relatively unusual and not readily comparable to longer term arrangements. The vacancy rate in Oklahoma City in 1988 was fairly high. And perhaps most importantly, at least two other parties, i.e., the prospective owner and the court, which were not connected to the Dukakis campaign, were involved in the determination of rents and neither apparently sought to raise the rent being charged the Committee.

For the above reasons, it is the recommendation of the Office of the General Counsel that the Commission find no probable cause to believe that David L. Walters violated 2 U.S.C. § 441b with regard to the rent paid by the Dukakis for President Committee for office space.

93040951826

B. Advances on Behalf of the Dukakis for President Committee

1. Applicable Law

Pursuant to 2 U.S.C. § 441a(a)(1)(A), individuals may contribute up to \$1,000 per election to a candidate and his or her authorized committee. 2 U.S.C. § 431(8)(A)(1) defines "contribution" to include any gift, subscription, loan, advance or deposit of money or anything of value for purposes of influencing a Federal election.¹ In 1988, 11 C.F.R. § 100.7(b) exempted from the definition of contribution any unreimbursed payment for transportation expenses incurred by an individual on behalf of any candidate so long as such expenses did not exceed \$1,000 per election. In addition, the same regulatory provision provided that a volunteer's expenditures of personal funds for his or her own subsistence expenses related to volunteer activity were not to be considered contributions.²

2. Application of Law to Facts

a. Direct reimbursements to David Walters

Information supplied by the Committee in response to the

1. Pursuant to 11 C.F.R. § 116.5(b), which became effective in 1990, payments by individuals from personal funds for goods or services used on behalf of a candidate are contributions unless the payment is exempt from the definition of contribution, pursuant to 11 C.F.R. § 100.7(b)(8). Section 116.5(b) makes explicit what has been the Commission's continuing application of 2 U.S.C. § 431(8)(A)(1).

2. Pursuant to 11 C.F.R. § 116.5(b)(1), payments by an individual for his or her transportation costs, over and above the \$1,000 exempted from the definition of contribution at 11 C.F.R. § 100.7(b)(8), or for subsistence costs, are not contributions provided they are reimbursed within sixty days of the billing date if a credit card is used, or within thirty days if another form of payment is used.

Commission's initial determinations in this matter raised questions with regard to monies reimbursed in late 1987 and early 1988 to David Walters by the Committee. Mr. Walters also made a direct contribution of \$500 to the Committee in February, 1988.

According to Mr. Walters' answers to interrogatories, "Walters was . . . reimbursed for expenses from the Dukakis campaign, The Walters Company, and Oklahomans for Walters, as part of the ordinary and regular conduct of his business activities. Unless there was an accounting office oversight Walters billed the Dukakis Campaign each month for all reimbursable expenses which he paid the previous month. The campaign was not always timely in paying Walters."

The reimbursement payments made directly to David Walters were reported by the Committee as follows:

<u>Date</u>	<u>Amount</u>	<u>Stated Purpose</u>
11/18/87	\$1,366.93	Travel-Reimbursement
1/25/88	500.00	Filing Fees
6/6/88	3,600.00	Casual Services
6/6/88	2.42	Postage and Delivery
6/6/88	501.83	Printing and Reproduction
6/6/88	360.50	Travel-Reimbursement
6/6/88	<u>397.50</u>	Media Placement-Radio
Total	\$6,729.18	

(1) November 18, 1987 Reimbursement

Information supplied by the Committee in response to the Commission's request for documents shows that the repayment of \$1,366.93 to Mr. Walters on November 18, 1987, covered the following expenditures which he had made between September 6 and October 22, 1987:

93040951828

<u>Amount</u>	<u>Date</u>	<u>Purpose per Documentation</u>
\$730.87	10/22/87	Mailing services
415.00	10/14/87	Envelopes
22.00	9/23/87	Postage
32.64	9/22-10/16/87	Postage
34.54	9/6/87	Hotel for John Dukakis
56.38	9/24/87	Telephone
<u>75.50</u>	10/12-16/87	Travel - 3 trips to Tulsa

\$1,366.93 - Total

Of these expenditures only the \$75.50 for Mr. Walters' trips to Tulsa comes within an exception to the definition of contribution at 11 C.F.R. § 100.7(b); the \$75.50 would have been covered by the \$1,000 personal transportation exemption. Thus, these advances represented \$1,291.43 in contributions by Mr. Walters to the Committee.

(2) January 25, 1988 Reimbursement

The second payment to Mr. Walters reported by the Committee was \$500 for "filing fee" made on January 25, 1988. This was one of five payments ranging from \$250 to \$900 and totaling \$2,500 which were made to individuals in Oklahoma City on the same date and for the same purpose; apparently these payments involved reimbursements of advances made by all of these persons. According to Mr. Walters' answers to interrogatories, no documentation has been found for this fee, which was apparently related to the presidential primary election.

The filing deadline in 1988 for ballot access for presidential candidates in Oklahoma was January 13. Therefore, it appears that the Committee reimbursed the individuals, including Mr. Walters, for their filing fee payments less than two weeks after the fee was

930409518229

paid. Nonetheless, the advances, including the \$500 from Mr. Walters, represented contributions to the Dukakis campaign.

(3) June 6, 1988 Reimbursements

The Committee reported five expenditures to David Walters on June 6, 1988, for advances totaling \$4,862.25. The reported purposes were "Casual Services" (\$3,600), "Postage and Delivery" (\$2.42), "Printing & Reproduction" (\$501.83), "Travel - Reimbursement" (\$360.50) and "Media Plcmt - Radio" (\$397.50). Documentation provided by Mr. Walters indicates that the \$4,862.25 included the following:

<u>Amount</u>	<u>Payee</u>	<u>Date Billed</u>	<u>Date Paid by Walters</u>	<u>Purpose per Docu.</u>
\$ 2.42	Post Office	10/19-11/07/87	Same day	Postage
17.19	Restaurant	10/20/87	Same day	Meals
10.56	Safeway	10/29/87	Same day	Food
1,500.00	Don Hoover	2/19/88	Same day	Payroll
501.83	Lakeside Press	2/26/88	Same day	Printing
1,000.00	Don Hoover	2/28/88	Same day	Radio
26.40	Don Hoover	2/28/88	Same day	Radio
371.10	Tony Newcomb Shirts	2/2/88	Same day	T-Shirts
332.75	?	2/4/88	Same day	Iowa Travel
50.00	Don Hoover	2/29/88	4/19/88	Payroll
1,000.00	Don Hoover	3/10/88	4/19/88	Payroll
\$4,812.25 - Total³				

Mr. Walters billed the Committee for the first three amounts totaling \$30.17 on January 21, 1988, for the T-shirts and Iowa travel expenses on March 31, 1988, and for the rest of the advances apparently on April 23, 1988. He did not receive reimbursement until June 6, 1988. Of the total of \$4,812.25 documented, it appears that \$27.75 was for personal subsistence costs and \$332.75

3. This Office has not been able to account for the \$50 discrepancy between the amount reported by the Committee (\$4,862.25) and the amount supported by documentation (\$4,812.25).

93040951830

for personal travel expenses in connection with the campaign, leaving \$4,451.75 in contributions.

Documents supplied by Mr. Walters include a copy of a check dated April 19, 1988, for \$1,050 made payable to Don Hoover, the Oklahoma Director of the Dukakis campaign. The account name on the check is Friends for David Walters and the check is signed by Mr. Walters. Below the copy of the check are handwritten notations which read "50.00 2/29/88 Payroll" and "1000.00 3/10/88 Payroll."

Further investigation has revealed that "Friends for David Walters," was Mr. Walters' 1986 state committee for his campaign for the office of governor. Thus, it appears that the \$1,050 paid from this state committee account should not be included in the total of advances made by Mr. Walters with personal funds, leaving \$3,401.75 as his contributions.

(4) Eight Hundred Dollar (\$800) Payment to Larue Donwerth

Also included in the documentation related to the June 6, 1988, reimbursements is an invoice from Larue Donwerth, the Oklahoma Field Director for the Dukakis campaign, which requested reimbursement of a \$800 payment apparently made by Mr. Donwerth to a radio station. A notation on the invoice indicates that it was paid by David Walters on February 28, 1988. No itemization of this expenditure has been located in the Committee's reports, nor does the Audit Division's computer printout of Dukakis committee expenditures to David Walters and to The Walters Company cite this \$800 payment. Thus, it appears that Mr. Walters advanced the \$800 reimbursement of

93040951831

Mr. Donwerth, but was never repaid by the Committee for this particular amount.

b. Reimbursements to The Walters Company

As stated above, 2 U.S.C. § 441b(a) prohibits corporations from making contributions, including advances, in connection with federal elections, and corporate officers from consenting to such contributions.

Reimbursements to The Walters Company reported by the Dukakis for President Committee are as follows:

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>
\$ 40.00	2/29/88	Travel - Buses
112.73	6/6/88	Postage and Delivery
<u>1,384.96</u>	6/6/88	Telephone
\$1,537.69 - Total		

In response to the Commission's interrogatories, Mr. Walters has stated,

Walters travelled for the campaign and just as was the case when he travelled on all business trips, he charged the expenses to his credit cards and was then reimbursed by his company or whatever group he was travelling for. Some of the reimbursed expenses are actually expenses of Mr. Walters which were reimbursed to The Walters Company by the campaign and then the Walters Company reimbursed Mr. Walters. This was done for simplicity.

In response to a telephone inquiry, counsel for Mr. Walters has stated that two of the credit cards included in the documentation supplied in response to the Commission's requests are held by Mr. Walters personally. This Office has thus assumed that bills paid with these cards should be deemed payments by Mr. Walters, not the Company.

93040951832

(1) February 29, 1988 Reimbursement

The Committee reported a payment to The Walters Company of \$40.00 on February 29, 1988, for "Travel-Buses." This payment apparently consisted of two checks in the amounts of \$20.00 each. The Committee has not supplied documentation showing whose travel was involved or when it occurred. Thus, this Office assumes that these payments were reimbursements to the Company.

(2) June 6, 1988 Reimbursements

The Committee reported payments on June 6, 1988, of \$1,384.96 for "telephone," and \$112.73 for "postage and delivery," for a total of \$1,497.69. These payments were for bills which, according to Mr. Walters' answers to interrogatories, were first submitted by The Walters Company to the Committee on January 21, 1988, and then rebilled on April 19, 1988. It appears that all of these advances on behalf of the Committee were made by the Company.

The telephone bills submitted to the Committee by The Walters Company were paid as follows:

<u>Amount</u>	<u>Date of Payment by Company</u>	<u>Payee</u>
\$103.18	10/7/87	ATC
105.74	11/23/87	ATC
5.12	10/25/87	Southwestern Bell ("SWB")
874.80	12/24/87	Cox Communic.
56.47	12/23/87 & 1/23/88	ATC
<u>236.76</u>	1/19/88	SWB

\$1,382.07 - Total

The advances for expenditures to the Post Office included \$110.00 and \$2.73 paid on November 17, 1987. Together the telephone and

93040951833

post office bills paid by The Walters Company totaled \$1,494.80. The remaining \$2.89 of the \$1,497.69 payment has not been located.

(4) Other Advances

Mr. Walters has supplied documentation for two other advances for which the Committee was apparently billed but for which its reports do not show refunds. Both of these charges appear on the same records as those which support the reimbursements made on June 6, 1988, to The Walters Company. These include \$32.94 for a restaurant bill for two persons paid on October 7, 1987, by means of a credit card issued to David Walters, and \$42.80 for office furniture purchased by The Walters Company on January 18, 1988. The \$42.80 should be added to the other contributions made by The Walters Company. At least one half of the \$32.94 apparently involved Mr. Walters' own subsistence expenditures; thus, this Office does not recommend adding this sum to his contributions.

(5) Summary

David L. Walters was directly reimbursed for advances totaling \$5,679.18 which he made personally on behalf of the Dukakis for President Committee in 1987 and 1988. Of this amount \$5,193.18 constituted contributions. He also apparently made another \$800 advance for which he did not receive reimbursement. Because Mr. Walters also made a \$500 direct contribution to the same committee, his total contributions were \$6,493.18. This total exceeded his \$1,000 contribution limitation by \$5,493.18.

It also appears that The Walters Company made advances on behalf of the Dukakis for President Committee totaling at least \$1,577.60 (\$40.00 + \$1,494.80 + 42.80). (See additional amount

93040951834

discussed below.) Mr. Walters served as president of The Walters Company in 1987 and 1988 and apparently consented to the advances made by the Company on behalf of the Dukakis campaign.

B. Advances on behalf of the Dukakis/Bentsen Committee

According to reports filed by the Dukakis/Bentsen Committee, on November 14, 1988, expenditures totaling \$3,020 were made to The Walters Company as reimbursements for amounts spent on behalf of the committee. Counsel for the Dukakis campaign, in response to the Commission's interrogatories, has stated that the Dukakis/Bentsen Committee reimbursed The Walters Company on November 14 for expenditures totaling \$3,200, not \$3,020.

The reported reimbursements were as follows:

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>
\$ 140.16	11/14/88	Office Supplies
526.70	11/14/88	Travel Reimburse.
835.21	11/14/88	Dem. Nat'l Conv.
2.35	11/14/88	Volunteer expense
247.22	11/14/88	Instate travel
426.54	11/14/88	Travel/meeting
<u>841.82</u>	11/14/88	Office Expense Reimb.

\$3,020.00 - Total

(1) \$140.16

Documentation supplied by Mr. Walters indicates that this expenditure was made by The Walters Company to an office supply company for labels and copier supplies, resulting in a \$140.26 corporate contribution. The invoice is dated February 19, 1988, thus making this a primary election expenditure although the reimbursement was made by the general election committee.

93040951835

(2) \$526.70 [Documentation totals \$527.72]

Documentation furnished in support of this reimbursement by the Dukakis/Bentsen Committee provides the following details:

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$116.47	10/4-5/88	Hotel (2 nights)	DLW
347.00	9/30/88	Airline	?
3.00		Hotel tips	DLW (?)
6.33		Breakfast	DLW (?)
7.85	10/4/88	Misc -Volunteer	
		Expense (Food)	DLW (?)
1.25		Dinner	DLW (?)
19.65		Volunteer Food	DLW (?)
6.00		Meal	DLW (?)
14.00		Cab	DLW (?)
6.17	10/2/88	Breakfast	DLW (?)

\$527.72 - Total

Although all of these expenditures have not been fully documented with cancelled checks or credit card statements, it appears that at least \$153.22 was paid by David Walters personally for his own subsistence and travel expenses, including the \$116.47 hotel bill paid for by means of his credit card. The \$27.50 (\$7.85 + \$19.65) for food for volunteers would constitute a contribution to the campaign apparently by Mr. Walters.

The only documentation submitted with regard to the airline-related cost of \$347 is a listing of reimbursements due showing that this amount was owed The Walters Company. Thus, in the absence of information to the contrary, it should be assumed that this expenditure was made by the Company.

93040951836

(3) \$825.21 [Documentation totals \$955.21]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$375.89	7/16-21/88	Hotel	TWC
131.62	7/15-16/88	Hotel	TWC
420.00	7/15-22/88	Entertainment, meals, cabs, T-shirts (\$100)	DLW
<u>27.79</u>	7/20/88	Meal	DLW
\$955.21 - Total			

According to the documentation provided, The Walters Company paid hotel bills totaling \$507.42 for which it was reimbursed four months later by the Dukakis/Bentsen Committee. The Dukakis/Bentsen Committee also paid \$447.79 to the company for expenditures made on its behalf by David Walters. Of this amount, \$27.79 apparently involved Mr. Walters' own subsistence expenditures and thus did not constitute contributions; however, the remaining \$420.00 consisted of expenses for non-exempt goods and services. Therefore, the \$420.00 would constitute in-kind contributions which Mr. Walters made to the Dukakis/Bentsen Committee.

(4) \$2.35

This Office assumes that this payment was made by David Walters. Thus, it should be added to his in-kind contributions to Dukakis/Bentsen Committee.

(5) \$247.22 [Documentation totals \$249.00]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$212.13	9/26-11/7/88	Travel-Instate Mileage	DLW (?)
16.87	9/27/88	Food	DLW
<u>20.00</u>	9/20/88	Bentsen Staff/ Advance Exp.	DLW (?)
\$249.00 - Total			

93040951837

According to the reimbursement form submitted in support of these expenditures, it appears that David Walters made numerous trips within Oklahoma between September 26 and November 7, 1988 on half of the Dukakis/Bentsen Committee for which he billed the committee \$212.13 for mileage. These charges would come within the \$1,000 transportation exception to the definition of "contribution." He also submitted bills for \$16.87 in food, which would be exempt as a subsistence charge. The remaining \$20.00 should be added to his contributions to the Dukakis/Bentsen Committee.

(6) \$426.54 [Documentation totals \$486.54]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$365.12	7/7/88	Hotel- Boston	DLW
40.00	7/8/88	Restaurant - Boston	DLW
43.22	7/10/88	Hotel-Boston	DLW
27.34	7/22/88	Hotel-Okla.	DLW
78.00	8/2/88	Olka. Tourism	DLW
32.40	8/5/88	Restaurant	DLW
<u>\$586.08</u>			
-99.54 ⁴			
<u>\$486.54</u>	Total		

All of the expenditures in this grouping were made by means of a credit card issued in the name of David L. Walters. Thus, they appear to have been personal expenditures even though the reimbursement went to The Walters Company.

It cannot be determined from the information in hand whether all of the hotel expenditures were related to Mr. Walters' own accommodations. Thus, only the \$70.56 in expenditures on July 10 and July 22 are treated here as hotel-related expenditures exempt from the definition of contribution. The \$32.40 for a

restaurant bill also appears to be exempt, leaving \$383.58 as contributions from Mr. Walters to the Dukakis/Bentsen Committee.

(7) \$841.82

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$ 11.00		Federal Express	TWC
14.06		Telephone	(?)
100.00		Postage	(?)
111.35		Car Rental	(?)
185.43		Telephone	(?)
53.85		Pagers	(?)
24.90		Telephone	TWC
41.73		Copy Paper	(?)
50.38		Computer	(?)
68.00	10/27/88	Fax Rental	TWC
136.00	10/27/88	Fax Rental	TWC
<u>45.12</u>	11/7/88	T & E	DLW

\$ 841/82 - Total

According to the documentation in hand, the last item for \$45.12 was clearly paid for by David Walters rather than by The Walters Company. This payment was to a hotel, thus bringing it within the exemptions to contributions.

(8) Summary

The amount of Mr. Walters' advances to the Dukakis/Bentsen Committee appears to have been \$853.43. In the absence of any express prohibition against the making of contributions to presidential committees for the general election, the \$1,000 limitation at 2 U.S.C. § 441a(a)(1)(A) would be applicable. Thus, it appears that Mr. Walters' personal advances to this committee came within the \$1,000 limitation.

It also appears that The Walters Company made advances totaling \$769.70 on behalf of the the Dukakis/Bentsen Committee.

93040951839

Mr. Walters apparently consented to these advances while serving as president of the Company.

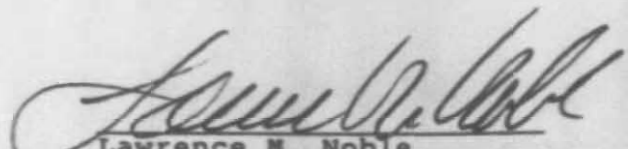
C. Overall Summary

It appears that David L. Walters made direct contributions and advances on behalf of the Dukakis for President Committee totaling \$6,493.18. Therefore, this Office recommends that the Commission find probable cause to believe that David L. Walters violated 2 U.S.C. § 441a(a)(1)(A). Further, as president of The Walters Company David L. Walters consented to a total of \$3,368.98 in advances made on behalf of the Dukakis for President Committee (\$1,717.86) and the Dukakis/Bentsen Committee (\$1,651.12) by The Walters Company. Thus, this Office also recommends that the Commission find probable cause to believe that David L. Walters violated 2 U.S.C. § 441b(a) in this regard.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find no probable cause to believe that David L. Walters violated 2 U.S.C. § 441b(a) with regard to rent paid by the Dukakis for President Committee for office space.
2. Find probable cause to believe that David L. Walters violated 2 U.S.C. § 441a(a)(1)(A) and 2 U.S.C. § 441b(a) with regard to advances made in 1987 and 1988 on behalf of the Dukakis for President Committee and the Dukakis/Bentsen Committee.

10/23/92
Date


Lawrence M. Noble
General Counsel

93040751340

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
The Walters Company

)
) MUR 3143
)

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On October 22, 1991, the Commission found reason to believe that The Walters Company had violated 2 U.S.C. § 441b(a) by making prohibited contributions to the Dukakis for President Committee in the form of advances.

II. ANALYSIS

A. Applicable Law and Precedent

2 U.S.C. §441b prohibits corporations from making contributions in connection with any election for federal office. 2 U.S.C. § 441b(b)(2) defines a corporate contribution to include "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value"

B. Application of Law to Facts

1. Advances on behalf of the Dukakis for President Committee

Reimbursements to The Walters Company reported by the Dukakis for President Committee in 1988 are as follows:

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>
\$ 40.00	2/29/88	Travel - Buses
112.73	6/6/88	Postage and Delivery
<u>1,384.96</u>	6/6/88	Telephone
\$1,537.69 - Total		

93040951841

In response to the Commission's interrogatories, Mr. Walters has stated,

Walters travelled [sic] for the campaign and just as was the case when he travelled on all business trips, he charged the expenses to his credit cards and was then reimbursed by his company or whatever group he was travelling for. Some of the reimbursed expenses are actually expenses of Mr. Walters which were reimbursed to The Walters Company by the campaign and then the Walters Company reimbursed Mr. Walters. This was done for simplicity.

In response to a telephone inquiry, counsel for Mr. Walters has stated that two of the credit cards included in the documentation supplied in response to the Commission's requests are held by Mr. Walters personally. This Office has thus assumed that bills paid with these cards should be deemed payments by Mr. Walters, not the Company.

a. February 29, 1988 Reimbursement

The Committee reported a payment to The Walters Company of \$40.00 on February 29, 1988, for "Travel-Buses." This payment apparently consisted of two checks in the amounts of \$20.00 each. The Committee has not supplied documentation showing whose travel was involved or when it occurred. Thus, this Office assumes that these payments were reimbursements to the Company.

b. June 6, 1988 Reimbursements

The Committee reported payments on June 6, 1988, of \$1,384.96 for "telephone," and \$112.73 for "postage and delivery," for a total of \$1,497.69. These payments were for bills which, according to Mr. Walters' answers to interrogatories, were first submitted by The Walters Company to the Committee on January 21, 1988, and then rebilled on April 19, 1988.

23040951842

The telephone bills submitted to the Committee by The Walters Company were paid as follows:

<u>Amount</u>	<u>Date of Payment by Company</u>	<u>Payee</u>
\$103.18	10/7/87	ATC
105.74	11/23/87	ATC
5.12	10/25/87	Southwestern Bell ("SWB")
874.80	12/24/87	Cox Communic.
56.47	12/23/87 & 1/23/88	ATC
<u>236.76</u>	1/19/88	SWB

\$1,382.07 Total

The advances for expenditures to the Post Office included \$110.00 and \$2.73 paid on November 17, 1987. Together the telephone and post office bills paid by The Walters Company totaled \$1,494.80. The remaining \$2.89 of the \$1,497.69 payment has not been located.

c. Other Advances

Mr. Walters has supplied documentation for two other advances for which the Committee was apparently billed but for which its reports do not show refunds. Both of these charges appear on the same records as those which support the reimbursements made on June 6, 1988, to The Walters Company. These include \$32.94 for a restaurant bill for two persons paid on October 7, 1987, by means of a credit card issued to David Walters, and \$42.80 for office furniture purchased by The Walters Company on January 18, 1988. The \$42.80 should be added to the other contributions made by The Walters Company.

d. Summary

It appears that The Walters Company made advances on behalf of the Dukakis for President Committee totaling at least \$1,577.60

93040951843

(\$40.00 + \$1,494.80 + \$42.80). (See additional amount discussed below.) Therefore, this Office recommends that Commission find probable cause to believe that The Walters Company violated 2 U.S.C. § 441b.

2. Advances on behalf of the Dukakis/Bentsen Committee

According to reports filed by the Dukakis/Bentsen Committee, on November 14, 1988, expenditures totaling \$3,020 were made to The Walters Company as reimbursements for amounts spent on behalf of the committee. Counsel for the Dukakis campaign, in response to the Commission's interrogatories, has stated that the Dukakis/Bentsen Committee reimbursed The Walters Company on November 14 for expenditures totaling \$3,200, not \$3,020.

The reported reimbursements were as follows:

<u>Amount</u>	<u>Date</u>	<u>Stated Purpose</u>
\$ 140.16	11/14/88	Office Supplies
526.70	11/14/88	Travel Reimburse.
835.21	11/14/88	Dem. Nat'l Conv.
2.35	11/14/88	Volunteer expense
247.22	11/14/88	Instate travel
426.54	11/14/88	Travel/meeting
<u>841.82</u>	11/14/88	Office Expense Reimb.

\$3,020.00 - Total

a. \$140.16

Documentation supplied by Mr. Walters indicates that this expenditure was made by The Walters Company to an office supply company for labels and copier supplies, resulting in a \$140.26 corporate contribution. The invoice is dated February 19, 1988, thus making this a primary election expenditure although the

93040951344

reimbursement was made by the general election committee. Thus, this amount should be added to the advances made by the Company on behalf of the Dukakis for President Committee discussed above, bringing the total to \$1,717.86.

b. \$526.70 [Documentation totals \$527.72]

Documentation furnished in support of this reimbursement by the Dukakis/Bentsen Committee provides the following details:

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$116.47	10/4-5/88	Hotel (2 nights)	DLW
347.00	9/30/88	Airline	?
3.00		Hotel tips	DLW (?)
6.33		Breakfast	DLW (?)
7.85	10/4/88	Misc -Volunteer	
		Expense (Food)	DLW (?)
1.25		Dinner	DLW (?)
19.65		Volunteer Food	DLW (?)
6.00		Meal	DLW (?)
14.00		Cab	DLW (?)
<u>6.17</u>	10/2/88	Breakfast	DLW (?)

\$527.72 - Total

Although all of these expenditures have not been fully documented with canceled checks or credit card statements, it appears that at least \$153.22 was paid by David Walters personally for his own subsistence and travel expenses, including the \$116.47 hotel bill paid for by means of his credit card. The \$27.50 (\$7.85 + \$19.65) for food for volunteers would constitute a contribution to the campaign apparently by Mr. Walters.

The only documentation submitted with regard to the airline-related cost of \$347 is a listing of reimbursements due showing that this amount was owed The Walters Company. Thus, in the absence of information to the contrary, it should be assumed that this expenditure was made by the Company. The payment would

93040951845

constitute a corporate expenditure on behalf of the Dukakis/Bentsen Committee in violation of 2 U.S.C. § 441b.

c. \$825.21 [Documentation totals \$955.21]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$375.89	7/16-21/88	Hotel	TWC
131.62	7/15-16/88	Hotel	TWC
420.00	7/15-22/88	Entertainment, meals, cabs, T-shirts (\$100)	DLW
<u>27.79</u>	7/20/88	Meal	DLW

\$955.21 - Total

According to the documentation provided, The Walters Company paid hotel bills totaling \$507.42 for which it was reimbursed four months later by the Dukakis/Bentsen Committee. These expenditures should be added to those involved in violations of 2 U.S.C. § 441b by these respondents.

The Dukakis/Bentsen Committee also paid \$447.79 to the company for expenditures made on its behalf by David Walters. Of this amount, \$27.79 apparently involved Mr. Walters' own subsistence expenditures and thus did not constitute contributions; however, the remaining \$420.00 apparently consisted of expenses for non-exempt goods and services. Therefore, the \$420 would constitute in-kind contributions which Mr. Walters made to the Dukakis/Bentsen Committee.

d. \$2.35

This Office assumes that this payment was made by David Walters.

93040951846

e. \$247.22 [Documentation totals \$249.00]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$212.13	9/26-11/7/88	Travel-Instate Mileage	DLW (?)
16.87	9/27/88	Food	DLW
<u>20.00</u>	9/20/88	Bentsen Staff/ Advance Exp.	DLW (?)
\$249.00 - Total			

According to the reimbursement form submitted in support of these expenditures, it appears that David Walters made numerous trips within Oklahoma between September 26 and November 7, 1988 on behalf of the Dukakis/Bentsen Committee for which he billed the committee \$212.13 for mileage. These charges would come within the \$1,000 transportation exception to the definition of "contribution." He also submitted bills for \$16.87 in food, which would be exempt as a subsistence charge. The remaining \$20.00 should be added to his contributions to the Dukakis/Bentsen Committee.

f. \$426.54 [Documentation totals \$486.54]

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$365.12	7/7/88	Hotel- Boston	DLW
40.00	7/8/88	Restaurant - Boston	DLW
43.22	7/10/88	Hotel-Boston	DLW
27.34	7/22/88	Hotel-Okla.	DLW
78.00	8/2/88	Olka. Tourism	DLW
32.40	8/5/88	Restaurant	DLW
<u>\$586.08</u> ₁			
<u>-99.54</u>			
\$486.54	Total		

All of the expenditures in this grouping were made by means of a credit card issued in the name of David L. Walters. Thus, they

1. Paid by Victory '88 - Oklahoma Democratic Party

93040951847

appear to have been personal expenditures even though the reimbursement went to The Walters Company.

It cannot be determined from the information in hand whether all of the hotel expenditures were related only to Mr. Walters' accommodations. Thus, only the \$70.56 in expenditures on July 10 and July 22 are treated here as hotel-related expenditures exempt from the definition of contribution. The \$32.40 for a restaurant bill also appears to be exempt, leaving \$383.58 as contributions from Mr. Walters to the Dukakis/Bentsen Committee.

g. \$841.82

<u>Amount</u>	<u>Date</u>	<u>Purpose</u>	<u>Paid By</u>
\$ 11.00		Federal Express	TWC
14.06		Telephone	(?)
100.00		Postage	(?)
111.35		Car Rental	(?)
185.43		Telephone	(?)
53.85		Pagers	(?)
24.90		Telephone	TWC
41.73		Copy Paper	(?)
50.38		Computer	(?)
68.00	10/27/88	Fax Rental	TWC
136.00	10/27/88	Fax Rental	TWC
<u>45.12</u>	11/7/88	T&E	DLW

\$841.82 - Total

According to the documentation in hand, the last item for \$45.12 was clearly paid for by David Walters rather than by The Walters Company. Thus, it appears that the Company made additional in-kind contributions totaling \$796.70 to the Dukakis/Bentsen Committee. Mr. Walters' payment of \$45.12 was to a hotel, thus bringing it within the exemptions to contributions.

93040951348

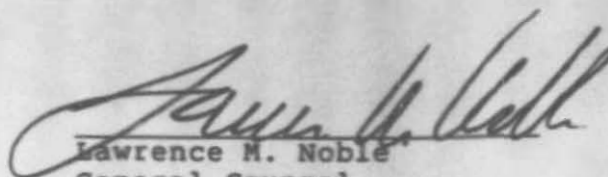
h. Summary

After subtracting the reimbursements owed Mr. Walters personally, there remains \$1,651.12 in advances which were apparently made by The Walters Company on behalf of the Dukakis/Bentsen Committee, and \$140.16 in advances which the Company made on behalf of the Dukakis for President Committee. The \$140.16 advanced for the Dukakis for President Committee should be added to the Company's contributions to that committee. This Office recommends that the Commission add the above \$1,651.12 in advances on behalf of the Dukakis/Bentsen Committee to its determination that The Walters Company violated 2 U.S.C. § 441b.

III. GENERAL COUNSEL'S RECOMMENDATION

Find probable cause to believe that The Walters Company violated 2 U.S.C. § 441b(a).

10/23/92
Date


Lawrence M. Noble
General Counsel

93040951349

R. THOMAS SEYMOUR

ATTORNEYS

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

OF COUNSEL
DAVID BOOTH

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIN COPY ROOM

Nov 6 9 37 AM '92

TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

November 3, 1992

Anne A. Weissenborn, Esq.
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3143

Dear Ms. Weissenborn:

This office received two briefs from you on October 29, 1992, in respect of David L. Walters individually, and The Walters Company. Responsive briefs are due, under FEC rules, on November 13, 1992. As of today, I have been unable even to transmit the materials to David L. Walters, as he has been campaigning out of state for presumably President-Elect Clinton. In addition, there are two other complicating matters. First, I must appear before the Tenth Circuit on November 18, 1992, to argue a complex RICO case. Second, I believe that David Walters may no longer own The Walters Company, which you appear to have made a respondent in this matter. Accordingly, request is made that David L. Walters and The Walters Company be provided until December 15, 1992 in order to file responsive briefs in MUR 3143.

I have not heard from you in respect of the materials received in respect of Friends of David Walters which we discussed on the telephone. Friends of David Walters has not been provided even elementary due process in respect of the finding that labor union contributions were presumably part of the funds of Friends of David Walters, in light of two dispositive facts: (a) no labor union contributions were sought or received, and (b) the campaign of Friends of David Walters was run on a strong right-to-work plank. You advised that you would make inquiry and respond. I have not yet heard anything, and I note the time limits set forth in the letter of October 20, 1992. It is not acceptable that the matter be left in the state it is, as the FEC must recognize that its factual assumption could not be more erroneous. Please advise.

Sincerely yours,

R. Thomas Seymour
R. Thomas Seymour

RTS:vp
Walters 1.80

92 NOV -6 AM 11:50
FEDERAL ELECTION COMMISSION

0561560406

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIN COPY ROOM

Nov 23 10 40 AM '92

November 20, 1992

Anne A. Weissenborn, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RE: MUR 3143

Dear Ms. Weissenborn:

The purpose of this letter is to request pre-probable cause conciliation for the Dukakis/Bensten Committee with respect to MUR 3143. As we discussed, I am hopeful that we can combine conciliation and any fines for both the primary committee and the general election committee.

I can be reached at (202) 863-8192 or (202) 973-1186. I look forward to working with you on this matter.

Sincerely,

Carol C. Darr /ps

Carol C. Darr
Counsel to the Dukakis/Bentsen
Committee

CD:pas

92 NOV 23 PM 3:09

RECEIVED
FEDERAL ELECTION COMMISSION

156156040066

R. THOMAS SEYMOUR
ATTORNEYS
SUITE 230
MID-CONTINENT TOWER
TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR
OF COUNSEL
DAVID BOOTH

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIN COPY ROOM

DEC 21 11 35 AM '92

TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

December 16, 1992

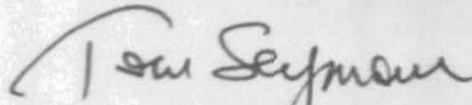
Anne A. Weissenborn, Esq.
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3143

Dear Ms. Weissenborn:

Pursuant to our telephone conversation of December 15, 1992, formal request is made that an extension of time to respond on all matters pertaining to MUR 3143 be granted until January 15, 1993. The holidays are upon us, and my own travel schedule and the schedule of Governor Walters are such that we cannot meaningfully respond prior to that time. We appreciate the consideration.

Sincerely yours,



R. THOMAS SEYMOUR

RTS:vp

Walters:62

92DEC21 PM 3:36

RECEIVED
FEDERAL ELECTION COMMISSION

25815604036



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
F.E.C.
SECRETARIAT

92 DEC 24 AM 11:59

December 24, 1992

SENSITIVE

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

BY: Lois G. Lerner *LLB*
Associate General Counsel

SUBJECT: MUR 3143
Request for Extension of Time

By letter dated December 16, 1992, counsel for David L. Walters and The Walters Company has requested an additional extension of 30 days to respond to the General Counsel's Briefs in the above-cited matter. (Attachment 1). The letter requesting this extension explains that more time is needed due to the holidays and the schedules of both Governor Walters and counsel.

Respondents have already received an extension of 32 days. The additional extension of 30 days would make the responses due on January 15, 1993.

Given the circumstances outlined in counsel's letter, this Office recommends that the Commission grant the requested extension. The letter to be sent to counsel informing him of such a determination would state that no further extensions will be granted.

RECOMMENDATIONS

1. Grant an extension of 30 days to David L. Walters and The Walters Company to file responses.
2. Approve the appropriate letter.

Attachment
Request for Extension of Time

Staff Assigned: Anne Weissenborn

93040951853

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
David L. Walters and The Walters) MUR 3143
Company -- Request for Extension)
of Time.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 6, 1993, the Commission decided by a vote of 6-0 to take the following actions in MUR 3143:

1. Grant an extension of 30 days to David L. Walters and The Walters Company to file responses, as recommended in the General Counsel's Memorandum dated December 24, 1992.
2. Approve the appropriate letter, as recommended in the General Counsel's Memorandum dated December 24, 1992.

Commissioners Aikens, Elliott, McDonald, McGarry, Potter, and Thomas voted affirmatively for the decision.

Attest:

1/7/93
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:
Circulated to the Commission:
Deadline for vote:

Thurs., Dec. 24, 1992 11:59 a.m.
Mon., Dec. 28, 1992 11:00 a.m.
Wed., Jan. 6, 1993 4:00 p.m.

dr

93040951854



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 12, 1993

R. Thomas Seymour, Esquire
Suite 230
Mid-Continent Tower
Tulsa, Oklahoma 74103

RE: MUR 3143
David L. Walters
The Walters Company

Dear Mr. Seymour:

This is in response to your letter dated December 16, 1992, which we received on December 21, 1992, requesting an extension until January 15, 1993, to respond to the General Counsel's Briefs and other aspects of MUR 3143. After considering the circumstances presented in your letter, the Federal Election Commission voted on January 6, 1993, to grant the requested extension. Accordingly, your response is due by the close of business on January 15, 1993. No further extensions will be granted.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

A handwritten signature in cursive script, reading "Anne A. Weissenborn", is written above the typed name.

Anne A. Weissenborn
Senior Attorney

93040951855

R. THOMAS SEYMOUR
ATTORNEYS
SUITE 230
MID-CONTINENT TOWER
TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

OF COUNSEL
DAVID BOOTH

OGC 8246
RECEIVED
FEDERAL ELECTION
COMMISSION
MAIN COPY ROOM
JAN 15 2 29 PM '93
TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

January 14, 1993

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

Re: MUR 3143
David L. Walters
The Walters Company

Dear Sir or Madam:

Pursuant to the extension of time granted in the January 12, 1993 letter of Ms. Anne A. Weissenborn, Senior Attorney, I am timely submitting four (4) copies of the Brief of Governor David L. Walters. Please return one copy to me in the enclosed, self-addressed, stamped envelope with proof of receipt of the brief by your office.

Under separate copy I am supplying the Secretary of the F.E.C. with the requisite number of briefs.

Sincerely yours,

David Booth

David Booth

DB:vp

Enclosures: Four (4) copies of Brief
SASE

Walters1.64

23040951856

FEDERAL RECEIVED
JAN 15 PM 3:44
PH: 583-5791

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3143
David L. Walters)

BRIEF OF GOVERNOR DAVID L. WALTERS

I. Alleged Discounted Rent to the Dukakis for President
Committee

93040951857
In Section IIA of the General Counsel's Brief of October 23, 1992, a discussion is presented which concluded with the recommendation that no probable cause be found in respect of alleged discounted rent charged to the Dukakis for President Committee. The Commission will recall that this is the exclusive basis of the complaint filed in this case against Governor Walters. No other matter was contained in the complaint.

It has taken two entire years for the Commission finally to determine that there was no basis whatsoever to the complaint filed alleging discounted rent. During that two years, untold hours of legal work on behalf of Governor Walters has gone into dealing with the Commission, much of it in an initially (and for a long time thereafter) futile effort to have the Commission accept the simple fact that Governor Walters was never the receiver for the corporation, GSMI, Inc. Instead, as the law of the State of Oklahoma makes crystalline, Governor Walters was the Court's receiver, appointed for the sole purpose of protecting the asset (the office building) during a foreclosure proceeding. Instead of immediately recognizing this elementary principle of law, the Commission insisted that, based on some outdated alleged treatises

on receivership law in general, somehow Governor Walters was the receiver for a corporation when he was never made a receiver for that corporation.

Additional difficulties were encountered in trying to persuade the Commission to send a person to Oklahoma City, or to call a few real estate brokers at random in Oklahoma City, for the Commission to determine for itself the accuracy of the information provided to the Commission of the value of renting space for break-even type prices for the benefit to be obtained from having the building appear occupied, so as to enhance rental of the building in general and so as to enhance rental of the particular space being occupied at break-even type rents. Without any explanation whatever, the Commission refused to engage in either of the practical steps suggested, either of which would have put this matter to rest a long, long time ago.

The Commission's astonishing failure to deal either with the facts or the law in anything approaching a timely or fair fashion is particularly unexplainable in the face of the fact that the complaint was filed by Clinton Key, the Chairman of the Oklahoma Republican Party, on October 15, 1990, some two weeks prior to the general election for Governor of the State of Oklahoma in 1990.

In sum, many, many thousands of dollars in attorney fees went into a defense of the unjustified complaint about alleged discounted rent. A good deal of that money was expended because the Commission would not deal with the facts or the law in the manner it should have.

At all times Governor Walters cooperated with the Commission in its investigation of the complaint now found to be unjustified. Indeed, he voluntarily provided information to the Commission which had absolutely nothing to do with the original complaint. Then, despite that cooperation, and despite how the Commission had treated the original complaint, with no complaint having been filed by any person whatsoever, the Commission began to suggest that there might be problems with expense reimbursements made to Governor Walters by the Dukakis campaign. Tar Baby was thus born.

II. Friends of David Walters

Tar Baby became Frankenstein's proverbial monster when the letter dated October 20, 1992 arrived, stating that on September 15, 1992 the Commission found reason to believe that Friends of David Walters violated various provisions of federal election law, and further stating that the Commission had determined to take no further action. The basis for the Commission's action was that Friends of David Walters (the name of the fund-raising organization for Governor Walters' 1986 campaign for Governor) probably received funds from a labor organization and contributed those to the Dukakis for President Committee. The Commission made this "probably received funds from a labor organization" finding by taking its interpretation of Oklahoma law that labor union contributions to candidates for state office are permitted and concluding, without any facts whatsoever, that therefore labor union contributions probably were received. There is one small problem with the Commission's conclusion, of course, and that is

930409.51860

the facts. At no point did the Commission bother to get a copy of the reports filed by Friends of David Walters with the Ethics Commission of the State of Oklahoma. Instead, phone calls were made to unidentified staff personnel at the Ethics Commission, where the Commission's representative's understanding of the phone calls was that there was no such organization as Friends of David Walters. The reports of Friends of David Walters show that no labor union money was received. And, to complete the tale of horror, it is no small wonder that those reports are devoid of contributions from labor unions, as Governor Walters was a strong right-to-work advocate, and this is a fact well-known to all political cognoscenti in Oklahoma.

Thus, the Commission has made a finding that besmirches the name of Friends of David Walters, and indirectly the name of Governor Walters himself, based on a failure to get the most elemental facts. The Commission's conduct in respect of this matter is violative of the most fundamental principles of due process of law. But, the matter does not end there. The Commission has made its finding, and has closed the matter out.

Accordingly, demand is herewith made that the Commission reopen its completely factually erroneous finding in respect of Friends of David Walters, and reverse its finding of probable cause that labor union money was contributed to the Dukakis for President campaign.

We need to hear from the Commission on this matter as soon as possible. The matter has been pointed out to the General Counsel's

office, which made the mistake, but there has been no action whatsoever forthcoming from the Commission from correcting its own error.

III. David Walters and Advances for the Dukakis for President Committee

Let us suppose that in 1988 David Walters had incorporated a company called "David Walters Presidential Election Consultants, Inc." Nothing that we know of in the federal law prohibits David Walters Presidential Election Consultants, Inc. from rendering services to the Dukakis campaign, and then billing for those services, just as building owners rent space to political campaigns and are paid a monthly rent. Building owners incur out-of-pocket expenses for electricity, sewer, water, cleaning and other services, before the rent is received, and the rent reflects, in part, the provision of those services and the incurring of those out-of-pocket costs by the landlord. A perfectly normal, everyday rental transaction, even where the lessee is a political campaign.

Political consultants also incur out-of-pocket costs which they include on their invoices to their clients, either as separately identified out-of-pocket costs, or as a subsumed part of a general statement for services rendered, including costs and expenses. Had there been a David Walters Presidential Election Consultants, Inc., this matter would not be before the Commission at this time.

Insofar as David Walters was concerned, what he was doing for the 1988 Dukakis Campaign was serving precisely as the Oklahoma presidential election consultant to the Dukakis for President

23040951362
campaign. David Walters was the key person for the Dukakis for President campaign in Oklahoma and there is "no daylight", to borrow the most recent political idiom, between David Walters' role as the key person for the Dukakis for President campaign and the role a political consulting firm in the State of Oklahoma would have performed.

David Walters was reimbursed for the expenditures he made. The same is true for The Walters Company, a company which at that time was wholly owned by David Walters. It is not owned by him at this time, nor has he owned it for a long time. Governor Walters does not represent The Walters Company, nor does the undersigned counsel. The Commission has never inquired as to the ownership of The Walters Company. Thus, technically the Commission is not properly proceeding against The Walters Company, as it is not represented before the Commission in any way, shape or form. However, lest Tar Baby capture yet another victim, there is no need for The Walters Company to be made a part of the process, as there is no legal reason to support a violation of the federal campaign election laws.

In addition to the foregoing, David Walters spoke often with lawyers for the Dukakis for President campaign. The Dukakis for President campaign was fully aware of the activities of David Walters, and they wrote many checks in reimbursement of the expenses incurred by David Walters. Certainly no one at the Dukakis for President campaign, or David Walters, had any belief that there was any problem with the incurring of expenditures and

the reimbursement thereof, based on the role David Walters was playing for the Dukakis for President campaign in Oklahoma.

IV. Personal Exigencies

23040951863
In December, 1991, the oldest child and only son of Governor and Mrs. Walters died during a prolonged coma induced by a medicinal overdose. The family of Governor Walters is convinced that this death was the direct result of media hounding over the Federal Election Commission complaint filed by Clinton Key, and media hounding over alleged federal law violations by the 1990 campaign of David Walters for Governor (the federal grand jury which conducted an investigation of that campaign was the subject of story after story coming from alleged leaks, but despite the daily drumbeat of negative publicity and negative imprecations and innuendoes, the investigation concluded with the statement of the U.S. Attorney that no evidence of a violation of federal law was found). The view of the Walters family in respect of this matter are more than justified, and are fully shared by the undersigned counsel. Television stations and Oklahoma's largest newspaper, The Daily Oklahoman were unrelenting in their stories, many, many of which were based wholly on unsubstantiated rumor which later proved untrue.

The impact of the loss of their son under these circumstances has been profound in ways that cannot adequately be described in a brief such as this. The loss appears to have been felt most deeply by Mrs. Walters, although one can never measure such a matter as

930409.51864

between two individuals. The impact of that loss is only slightly smaller now than it was at the time of the funeral.

The fact that it has been necessary to continue to deal with the Federal Election Commission matters discussed in this brief, in the context of how the Commission has treated Governor Walters, has only aggravated what already is more pain than should ever be inflicted on anyone, regardless of circumstances.

V. Conclusion

It is requested that the Commission reverse its decision on Friends of David Walters. It is requested that the Commission find no probable cause on the alleged discounted rent. It is requested that the Commission find no probable cause that federal election law has been violated by David Walters or by The Walters Company in respect of reimbursements made by the Dukakis for President campaign. To this day, there is no one who has made complaint of any of the reimbursement matters. The Commission, for whatever undisclosed reason, determined to sweep far afield from the initial complaint, which complaint was wholly unjustified, and the general counsel's office is recommending that the Commission find that there is no probable cause on that matter. The Commission refused to provide elementary due process protection on the Friends of David Walters matter in respect of labor union money. It should be readily apparent to the Commission that the attorney fees required to deal with just the two matters mentioned in the preceding two sentences would amount to many multiples of any sum of money likely to be received in conciliation with David Walters even if the

Commission determined probable cause as recommended by the General Counsel. When you combine all of that with the facts (which should, alone, be dispositive), which show that David Walters was acting in the same capacity as providers of services to political campaigns who receive "reimbursements" all of the time without violating campaign laws, it simply would be unjust in the extreme for the Commission to enter findings of probable cause as recommended by the General Counsel.

R. Thomas Seymour by David Booth

R. THOMAS SEYMOUR

Walters1.63

R. THOMAS SEYMOUR
ATTORNEYS
SUITE 230
MID-CONTINENT TOWER
TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR
—
OF COUNSEL
DAVID BOOTH

OAC 8410
RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

FEB 16 10 21 AM '93

TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

February 12, 1993

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

Re: MUR 3143
David L. Walters
The Walters Company

Dear Sir or Madam:

Enclosed are four (4) copies of the Supplemental Brief of Governor David L. Walters. Please return one copy to me in the enclosed, self-addressed, stamped envelope with proof of receipt of the brief by your office.

Under separate copy I am supplying the Secretary of the F.E.C. with the requisite number of briefs.

Sincerely yours,

R. Thomas Seymour

R. Thomas Seymour

RTS:vp
Enclosures: Four (4) copies of Brief
SASE

Walters1.66

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
93 FEB 16 PM 3:11

93040951866

93FEB 16 PM 3:11

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3143
David L. Walters)

SUPPLEMENTAL BRIEF OF GOVERNOR DAVID L. WALTERS

I. The Walters Company

Subsequent to the filing of the Brief of Governor Walters on January 14, 1993 (the "Brief"), a telephone call was received by the undersigned counsel from Anne Weissenborn of the General Counsel's staff, stating that the Commission wanted to know the present status of The Walters Company, in light of the statement that the Commission had not inquired as to the ownership of The Walters Company. The clear implication of the telephone call (the "Call") was substantial displeasure, and the suggestion that information had been withheld from the Commission.

The Call was unfortunate, both in its tone and its innuendo. The Commission should know that at the outset of this case the undersigned counsel was told in no uncertain terms that the Commission could have no dealings whatsoever with him until and unless a designation of counsel form was on file with the Commission, and that the Commission required such a form from each and every entity that was "before" the Commission. Of course, at no time did the Commission ever ask that The Walters Company execute a designation of counsel form. Based on these facts, it never occurred to Governor Walters or to his counsel that The Walters Company was in any manner "before" the Commission until the

79815604036

General Counsel's brief was filed stating that action should be taken in respect of The Walters Company.

Of greater significance, however, is that the Call is yet one more example of the extra-judicial and extra-due process punishment imposed upon Governor Walters. He has had to incur the additional expense and time of responding to yet another matter wholly outside the original complaint. After incurring this expense and time, a second telephone call was received from General Counsel's office, wanting to know where the information requested was, and when the indication was that the information would not be forthcoming immediately because of the separate travel scheduled of both counsel and client, the statement was made that the information would not be needed after all. The undersigned counsel demurred, stating that what was requested would be provided, since the work had already been done, other than receiving the documents necessary to include with this Supplemental Brief. Moreover, the undersigned counsel stated, it seemed important to be certain that the Commission knew the facts so that no innuendo would be drawn by the Commission or suggested by the General Counsel's office, which was not in fact true.

The question arises as to why it was necessary for this to be done in the first place. Governor Walters is not responsible for the errors of the Commission or of its staff. Yet, there is no choice but to respond to the demands of the General Counsel's office. The Commission needs to re-examine how matters in fact are handled by its staff, and certainly needs to weigh what has

transpired in this case in determining how it wishes to proceed on the matter concerning Governor Walters. When due process and the principles of equity and fair play are violated, some redress is more than appropriate.

Attached hereto are portions of documents indicating that The Walters Company sold its business on January 11, 1991 and dissolved. Accordingly, The Walters Company does not exist.

II. Friends of David Walters

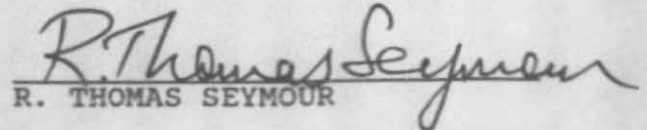
In the Brief, it was pointed out to the Commission that its finding in respect of Friends of David Walters was egregiously in error, and demand was made that the Commission re-open its factually erroneous finding. To date, no word has been received from the Commission that corrective action has been taken, nor has any word been received that any such action was even being considered by the Commission. Where does this matter stand?

III. Request for Oral Argument Before the Commission

The matters raised by the Brief are of importance. The Commission has not afforded due process in all respects to Governor Walters. Before any additional steps are taken by the Commission, the matters raised in the Brief and in this Supplemental Brief need the fullest attention of the Commission and need the attention which oral argument, and oral argument, only, can bring to the process. Accordingly, it is requested that before the Commission takes any further action (other than the reversal of its finding in

respect of Friends of David Walters and the alleged receipt of labor union money), oral argument of thirty minutes per side be permitted.

Respectfully submitted,


R. THOMAS SEYMOUR

Walters1.65

93040951870

RESOLUTION FOR BOARD OF DIRECTORS AND
TRANSFER OF ASSETS OF THE WALTERS COMPANY

WHEREAS, this Corporation, for the past five years, has been in the business of property management; and

WHEREAS, due to the fact that David L. Walters, the sole office holder and shareholder of this Corporation has been duly elected to serve as Governor of the State of Oklahoma; and

WHEREAS, the Corporation, pursuant to the pertinent statutes of the State of Oklahoma, by and through its shareholder has approved the dissolution of the Corporation; and

WHEREAS, certain tangible personal property and intangible personal property of the Corporation which constitute the assets of the Corporation are not now, and will not be needed by the Corporation from and after its dissolution;

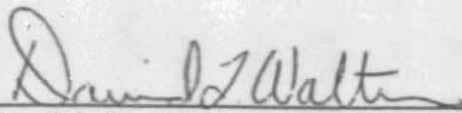
(1) IT IS, THEREFORE, RESOLVED, that this Corporation should be liquidated by transferring, conveying, assigning and delivering all of the physical properties and assets heretofore used in said business to all common stockholders of record on January 10, 1991, in direct proportion to their stock ownership, and it is further

(2) RESOLVED, that said common stockholders, whose names and present holdings of stock in this Corporation are set out below, shall each surrender to this Corporation all of their respective shares of common stock of this Corporation, as set out below:

<u>Name</u>	<u>Shares Owned</u>
David L. Walters	500

and that said stock shall be cancelled, and it is further

(3) RESOLVED, that the President and Treasurer of this Corporation be and hereby are authorized and directed to do all acts necessary and proper for the execution of this resolution.



David L. Walters, Sole Director

93040951871

AGREEMENT FOR PURCHASE AND SALE OF ASSETS

This Agreement ("Agreement") is memorialized this 11th day of January 1991, by and between David L. Walters, an individual (hereinafter referred to as "Seller"), and The Property Group, Inc., an Oklahoma corporation (hereinafter referred to as "Purchaser").

W I T N E S S E T H:

WHEREAS, Seller, as sole shareholder of The Walters Company, an Oklahoma corporation (the "Corporation") was engaged in business with the predominant emphasis in the management and brokerage of real property; and

WHEREAS, upon recent liquidation of The Walters Company, Seller received in his individual capacity and in distribution therefrom, all of the assets of The Walters Company; and

WHEREAS, Seller desires to sell and Purchaser desires to purchase certain of the assets of Seller on the terms and conditions hereinafter set forth; and

WHEREAS, Purchaser and Seller entered into the Agreement contained herein on the 1st day of January, 1991, and the terms hereof shall be effective as of that date.

NOW, THEREFORE, in consideration of the premises and the mutual terms, covenants and conditions hereinafter set forth, and in reliance upon the representations and warranties herein contained, the parties hereto agree as follows:

1. Sale and Purchase of Assets. Subject to the terms of this Agreement, Seller shall sell, assign, transfer and deliver to Purchaser at the Closing, effective as of January 1st, 1991, on the date first above written, all of the right, title and interest in and to the assets as further described in this Section 1.

1.1 Customer Base. The customer base of Seller including, but not limited to, all customer files, contracts, agreements, correspondence and other matters pertinent to, or reasonably required to, service the customers well and in a professional manner, and any other information which is in the possession of Seller, and which might be of benefit in maintaining a relationship with the customer. A list of all customers with whom Seller has an existing management contract or other agreement is set forth on Exhibit "A", attached hereto and made a part hereof.

1.2 Furniture and Equipment. The furniture and equipment owned by Seller as more fully described on the "Furniture and Equipment Schedule" set forth on Exhibit "B", attached hereto and made a part hereof.

93040951872

9.9 Notices. Any notices or other communications required or permitted hereunder shall be sufficiently given if delivered personally or sent by registered or certified mail, postage prepaid, as regards the Seller to:

Mr. David Walters
One North Hudson
Suite 1000
Oklahoma City, Oklahoma 73102

with copy to:

Stephen A. Sherman & Associates
Fourth Floor
117 Park Avenue Building
Oklahoma City, Oklahoma 73102

and as regards the Purchaser to:

Ms. Barbara R. Smith
President
The Property Group, Inc.
One North Hudson
Oklahoma City, Oklahoma 73102

with a copy to:

Stephen A. Sherman & Associates
Fourth Floor
117 Park Avenue Building
Oklahoma City, Oklahoma 73102

by either party to the other, and shall be deemed to have been given as of the date so delivered or deposited in the United States mail.

9.10 Additional Documentation. The parties will execute all such further and additional documents that shall be reasonable, convenient, necessary or desirable to carry out the provisions of this Agreement.

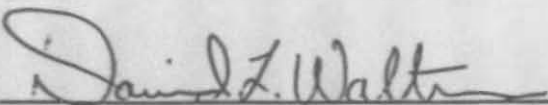
10. Legal Representation. The parties hereto have both been represented in the preparation and consummation of this Agreement by Stephen A. Sherman, attorney at law. The parties, by virtue of their respective signatures hereinbelow, acknowledge that they have been advised by said attorney of the desirability of independent legal counsel and of the potential for conflict in mutual representation.

93040951873

Further, it is acknowledged by the Purchaser that its president, Barbara Smith, has been involved in the management of the Corporation in excess of Two (2) years, and by virtue of such involvement, she is very familiar with all books and records of said Corporation and the assets thereof distributed to Seller, the status of all contracts and leases being assigned hereunder, and such familiarity precludes the need for indepth review of the aforementioned in contemplation of the transaction to be accomplished hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above set forth at Oklahoma City, Oklahoma.

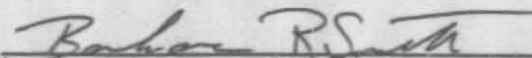
SELLER:


David L. Walters, an individual

PURCHASER:

THE PROPERTY GROUP, INC.
an Oklahoma Corporation

By:


Barbara R. Smith,
its President

93040951874



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 19, 1993

R. Thomas Seymour, Esquire
Suite 230
Mid-Continent Tower
Tulsa, Oklahoma 74103

Re: MUR 3143
David L. Walters
The Walters Company

Dear Mr. Seymour:

The Supplemental Brief and attached documentation which you have submitted on behalf of your clients was received by this Office on February 16, 1993.

The attached documentation includes portions of an Agreement for Purchase and Sale of Assets; we note, however, that pages 2-6 have inadvertently been omitted. We would appreciate receiving the missing pages at your earliest convenience.

The Commission makes every attempt to give all respondents a fair hearing. Please rest assured that, when making its decisions in this matter, the Commission will have before it all information which you have supplied, and that your client will have the benefit of all of the Commission's established procedures.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne A. Weissenborn", is written over the typed name.

Anne A. Weissenborn
Senior Attorney

93040951875

R. THOMAS SEYMOUR

ATTORNEYS

SUITE 230

MID-CONTINENT TOWER

TULSA, OKLAHOMA 74103

R. THOMAS SEYMOUR
SHERRY N. TAYLOR

OF COUNSEL
DAVID BOOTH

OGC 8523
RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

MAR 1 12 13 PM '93

TELEPHONE (918) 583-5791
FACSIMILE (918) 584-0971

February 26, 1993

Anne A. Weissenborn, Esq.
Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 20463

Dear Ms. Weissenborn:

We received your letter of February 19, 1993 on February 25, 1993.

Pages 2-6 of the agreement were not inadvertently omitted; there is nothing germane to the issue before the FEC in those pages, and particularly since you said it was not necessary that the Commission be provided anything, I saw no reason to have the continuing seance of MUR 3143 extend to personal matters of no consequence to the Commission. As I have said before, this matter goes on, and on, and on.

Please explain what you mean by saying my client "will have the benefit of all of the Commission's established procedures." What does this mean? Are you saying my request for oral argument is denied? Do you have authority to speak for the FEC in this regard?

I wish to be notified by the Commission, and not by the General Counsel's office, if the Commission will grant my request for oral argument. If it does not do so, then there is additional briefing we will submit.

Sincerely yours,

R. Thomas Seymour

R. Thomas Seymour

RTS:vp

cc: Members of the Federal Election Commission

Walter L. G.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
93 MAR - 1 PM 3:08

93040951876

RECEIVED
F.E.C.
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION MAR 17 AM 9:39

In the Matter of

David L. Walters
The Walters Company
GSMI, Inc.
Friends of David Walters

MUR 3143

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 26, 1991, the Commission found reason to believe that GSMI, Inc., had violated 2 U.S.C. § 441b by making in-kind corporate contributions to the Dukakis for President Committee in the form of discounted rent on office space in a building owned by the corporation. Notice of this determination was sent to David L. Walters as receiver for GSMI, Inc. On October 22, 1991, the Commission found reason to believe that David L. Walters had violated 2 U.S.C. § 441b(a) by consenting to in-kind corporate contributions from GSMI, Inc., to the Dukakis for President Committee. The Commission also found reason to believe that David L. Walters had violated 2 U.S.C. § 441a(a)(1) by making excessive contributions in the form of advances made on behalf of the Dukakis for President Committee. Further, the Commission found reason to believe that The Walters Company had violated 2 U.S.C. § 441b(a) by making prohibited contributions to the Dukakis for President Committee in the form of advances. Notices of these determinations were sent to counsel for Mr. Walters and to Mr. Walters as the registered agent of The Walters Company, as were requests for documents and for answers to interrogatories

93040951877

which were addressed to Mr. Walters personally and to Mr. Walters as registered agent. Mr. Walters responded through counsel to both sets of discovery requests on January 24, 1992. On September 15, 1992, the Commission found reason to believe that the Friends of David Walters had violated 2 U.S.C. §§ 433, 434 and 441b and 11 C.F.R. § 102.5(a), but determined to close the file as to this respondent.

On October 26, 1992, this Office forwarded to counsel and to the Commission briefs containing recommendations for Commission action with regard to Mr. Walters and The Walters Company. A response brief was received from counsel on January 15, 1993. On February 12, 1993, counsel submitted a supplemental brief, partially in response to a request for information needed to clarify statements in the response brief. In this supplemental brief counsel has requested a oral argument before the Commission.

I. ANALYSIS

(The General Counsel's Briefs sent to David L. Walters and The Walters Company are incorporated by reference into this report.)

Counsel's response brief sets forth several circumstances which have caused his client and his client's family considerable distress; these include certain legal issues in the present matter and, tragically, the death of his client's son, which counsel attributes to pressures created by numerous legal matters involving Mr. Walters including, but not confined to, this

23040951878

matter.¹ While this Office regrets the tragedy experienced by Mr. Walters and his family, the allegations with respect to the Commission's investigation contain several inaccuracies. In addressing in this report the issues which are before the Commission in this investigation, we have attempted to clarify the pertinent facts.

A. Request for Oral Hearing

As noted above, counsel's supplemental brief contains a request for an oral argument before the Commission on the issues addressed in the General Counsel's briefs and in counsel's responses. There is, however, no provision either in the Federal Election Campaign Act ("the Act") or in the Commission's compliance procedures, as set out at 11 C.F.R. § 111, for such an oral presentation. Nor do we think that the Commission should provide for one on a case-by-case basis. Counsel has had numerous opportunities to present written submissions, including during the briefing process when time was permitted for the filing of a supplemental brief. Therefore, this Office recommends that the Commission deny counsel's request for an oral argument.

1. This Office notes that, in an interview with the Sunday Oklahoman for a story published on March 7, 1993, Mr. Walters and his wife claimed that the Oklahoma Attorney General's launching of a state investigation of his 1990 campaign "on the heels of a lengthy federal investigation was a contributing factor to their only son's suicide" in December, 1991. This story mentioned a federal grand jury investigation which commenced in August 1992. An Associated Press story on February 28, 1993, discussed a state grand jury investigation into allegations of large cash donations to Mr. Walters' 1990 campaign for governor which exceeded the \$5,000 state limitation.

93040951879

B. David L. Walters

1. Rental Issue

The General Counsel's Brief sent to Mr. Walters recommends that the Commission find no probable cause to believe that he violated 2 U.S.C. § 441b(a) with regard to rent paid by the Dukakis for President Committee for office space in a building for which Mr. Walters was at the time acting as receiver. No additional information has been received which would necessitate a change in this recommendation.

Counsel objects strongly, as he has in the past, to the fact that the original theory regarding this issue assumed that Mr. Walters served as receiver for GSMI, Inc., as an entity, not just for the particular building utilized by the Dukakis campaign. This Office acknowledges initial confusion regarding the extent of Mr. Walters' involvement with GSMI property, and is making the appropriate recommendation in this report as to GSMI's apparent non-involvement with the rental of space to the Dukakis campaign. (See discussion below.) The early error regarding the extent of Mr. Walters' responsibilities as receiver, however, does not alter the facts that he was acting as receiver for the building in question during the time period covering the Dukakis campaign's rental of space and that he was directly involved in the leasing of that space to the campaign. The relevant point now is that this rental appears to have been handled in the ordinary course of business and thus not to have resulted in a contribution to the Dukakis committee. (See General Counsel's Brief.)

93040951880

2. Advances

9 3 0 4 0 9 5 1 8 8 1

The General Counsel's Brief concludes that Mr. Walters was reimbursed by the Dukakis for President Committee for \$5,193.18 in advances which he had made personally.² He also apparently made another \$800 advance which was not reimbursed, as well as a direct contribution of \$500 in February, 1988. Thus, Mr. Walters' personal contributions to this committee totaled \$6,493.18, placing him in violation of the \$1,000 contribution limitation at 2 U.S.C. § 441a(a)(1)(A) by \$5,493.18.³ Further, the General Counsel's Brief concludes that Mr. Walters, as president of The Walters Company, consented to advances made by The Walters Company on behalf of the Dukakis for President Committee and of the Dukakis/Bentsen Committee totaling \$1,717.86 and \$1,651.12 respectively,⁴ placing him in violation of 2 U.S.C. § 441b(a).

2. These include advances totaling \$1,291.43 which were reimbursed on November 18, 1987 (see GC Brief at pages 13-14); payment of a \$500 filing fee (see GC Brief at pages 14-15) which was reimbursed on January 25, 1988; and \$3,401.75 in advances reimbursed on June 6, 1988 (see GC Brief at pages 15-16).

3. The General Counsel's Brief also concludes that Mr. Walters made advances on behalf of the Dukakis/Bentsen Committee totaling \$853.43.

4. The expenditures on behalf of the Dukakis for President Committee included \$40.00 reimbursed on February 29, 1988 (see GC Brief at pages 17-18), \$1,494.80 reimbursed on June 6, 1988 (see GC Brief at pages 17-19, \$42.80 apparently not reimbursed (see GC Brief at page 19), and \$140.26 reimbursed by the Dukakis/Bentsen Committee on November 14, 1988 (see GC Brief at page 20). Expenditures on behalf of the Dukakis/Bentsen Committee included \$347.00 reimbursed on November 14, 1988 (see GC Brief at pages 20-21), \$507.42 reimbursed on November 14, 1988 (see GC Brief at page 20 and 22), and \$796.70 also reimbursed on November 14, 1988 (see GC Brief at page 20 and 24).

93040951882

In his response brief counsel argues that the issue of advances was not included in the complaint which initiated this matter, and implies that its addition is inappropriate. The Commission, however, has never limited its investigations and determinations only to those issues raised in a complaint when an investigation into the original allegations reveals additional information raising new issues. In the present matter questions about advances made on behalf of the Dukakis campaign by Mr. Walters and The Walters Company arose from information supplied by the respondents in connection with the investigation of the rent issue. As these additional issues are addressed fully in the General Counsel's Brief, respondent has had sufficient notice and an opportunity to respond. See FEC v. National Rifle Association, 553 F. Supp. 1331 (D.D.C. 1983).

2 U.S.C. § 431(8)(a)(1) includes "advances" in the definition of "contribution" for purposes of the Act. In 1988 the Commission's regulations permitted extensions of credit to campaigns "by any person," but only for periods of time which did not go beyond "normal business or trade practice." Former 11 C.F.R. § 100.7(a)(4).⁵

According to counsel, Mr. Walters in effect served as a consultant to the Dukakis campaign and made expenditures on behalf of the campaign in that capacity. Counsel asserts that

5. The Commission's present regulations read, "The extension of credit by an 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 extensions of credit to nonpolitical debtors that are of similar risk and size of obligation." 11 C.F.R. § 100.7(a)(4).

Mr. Walters could have made expenditures on behalf of the Dukakis campaign if he had chosen to incorporate a political consulting company to perform the kind of services which he performed "as the key person for the Dukakis for President campaign in Oklahoma"

It is correct that Mr. Walters could have formed a consulting business to provide goods and services such as those he paid for on behalf of the Dukakis committees. Such a business could have extended credit to the campaign for periods of time so long as such extensions were consistent with its normal business practices; however, Mr. Walters did not have such a business. Rather, he personally made expenditures totaling \$5,993.18 for the campaign for such goods and services as postage, hotel rooms, telephone calls, travel expenses of other individuals, payroll, radio spots, T-shirts, etc., the provision of which were not part of his "normal business or trade practice." Thus, his advances were contributions, not extensions of credit made in the ordinary course of business.⁶

Nor was The Walters Company, a real estate management company, in the business of providing the kinds of goods and services at issue, e.g., telephone services, postage, office supplies, and travel expenses. Mr. Walters consented to a total of \$3,368.98 in advances made on behalf of the Dukakis for

6. Counsel has argued during a telephone conversation with staff that these activities were in fact Mr. Walters' "business" because, as a potential candidate for governor in 1988, he was interested in keeping his name before the public - in "keeping his finger in the pot." Counsel asserts that whether or not he was paid was irrelevant.

93040951803

President Committee and the Dukakis/Bentsen Committee by the Walters Company outside the ordinary course of that company's business.

Counsel contends that

. . . David Walters spoke often with lawyers for the Dukakis for President campaign. The Dukakis for President campaign was fully aware of the activities of David Walters, and they wrote many checks in reimbursement of the expenses incurred by David Walters. Certainly no one at the Dukakis for President campaign, or David Walters, had any belief that there was any problem with the incurring of expenditures and the reimbursement thereof, based on the role David Walters was playing for the Dukakis for President campaign in Oklahoma. (Counsel's Response Brief, pages 6-7).

This Office does not view any failure by the Dukakis campaign to stop Mr. Walters' and the Corporation's advances as mitigating.

It does appear that the Dukakis campaign was billed fairly promptly for most of the goods and services provided by Mr. Walters and his company, and that any delays in repayment were the fault of the campaign. However, while these factors are mitigating circumstances, they do not erase the fact that the advances were contributions when made. Any mitigating circumstances should be considered only with regard to the amount of the civil penalty required. (See further discussion below.)

This Office recommends that the Commission find probable cause to believe that David L. Walters violated 2 U.S.C. § 441a(a)(1)(A) and 2 U.S.C. § 441b(a).

C. The Walters Company

The possibility that The Walters Company could become a respondent in the present matter first arose in June, 1991, as a

93040951884

result of information supplied by the Dukakis for President Committee in response to questions posed by the Commission. These questions followed the Commission's initial finding of reason to believe concerning the above-cited rental of office space for the Dukakis campaign in a building owned by GSMI, Inc.

On November 8, 1991, the Commission sent a letter to counsel for David Walters notifying him that the Commission had found reason to believe that Mr. Walters had violated 2 U.S.C. § 441a(a)(1) and § 441b(a) with respect to the rental issue and to the expenditures on behalf of the Dukakis committees discussed above. Attached to that letter were interrogatories and a request for the production of documents; these discovery requests focused primarily upon the rental issue, but they also addressed Mr. Walters' apparent expenditures.

On the same date, the Commission sent a second letter directly to David Walters, which was addressed to "David Walters, Registered Agent, The Walters Company," and which was titled, "MUR 3143, The Walters Company." This letter stated that the Commission had found reason to believe the company had violated 2 U.S.C. § 441b(a), also as a result of expenditures made on behalf of the Dukakis campaign. The Commission attached a separate set of interrogatories and a request for production of documents to the letter. These discovery requests were also clearly addressed to "David Walters, Registered Agent, The Walters Company."

On December 2, 1991, Mr. Walters' counsel sent a letter to the Commission indicating his objection to the Commission's

93040951885

continued pursuit of information concerning GSMI, noting that he did not represent that company. Counsel also explained why he was contending that it was inappropriate for the Commission to pursue Mr. Walters in connection with alleged wrongdoing by GSMI. Neither this letter nor a separate one sent to this Office on the same date mentioned The Walters Company.

The responses to both sets of discovery requests, which were received on January 24, 1992, were signed by Mr. Walters. The documents supplied by counsel at that time included Walters Company telephone bills, invoices, etc. Nothing in these responses or in subsequent communications during most of 1992 indicated that the ownership, let alone the very existence, of the company had changed. Indeed, it appeared to this Office that the discovery received was sent on behalf of both Mr. Walters and The Walters Company.

On the basis of information supplied by respondents, the General Counsel's Brief mailed on October 26, 1992, concluded that The Walters Company had violated 2 U.S.C. § 441b(a) by making advances on behalf of the Dukakis for President Committee totaling \$1,717.86 and advances on behalf of the Dukakis/Bentsen Committee totaling \$1,651.12, for a total of \$3,368.98.

It was not until late October and early November, 1992, nearly a year after Mr. Walters was first notified of the Commission's reason to believe findings, that counsel for Mr. Walters first raised, by telephone and then in a letter, the possibility that Mr. Walters "may no longer own the Walters Company." Two months later, in his response brief, counsel stated

93040951886

for the first time, "[The Walters Company] is not owned by [Mr. Walters] at this time, nor has he owned it for a long time. Governor Walters does not represent The Walters Company, nor does the undersigned counsel. Thus technically the Commission is not properly proceeding against The Walters Company, as it is not represented before the Commission in any way, shape or form." (Counsel's Response Brief, page 6.)

Because these statements led this Office to believe that The Walters Company remained an ongoing entity, but had been sold, we decided to check with the Corporation Records Division of the Office of the Secretary of State of Oklahoma to determine who is the current registered agent. According to that office, The Walters Company remains registered with the state and Mr. Walters continues to be the designated registered agent. (Attachment 1).

This situation led this Office to seek additional information from Mr. Walters concerning the timing and details of the sale of this corporation. In response to our inquiries, counsel submitted a supplemental brief to which was attached an undated "Resolution for Board of Directors and Transfer of Assets of The Walters Company" (Attachment 2) providing, not for the sale of the corporation, but for the liquidation of its assets and for the transfer of such assets to Mr. Walters, the sole shareholder. This resolution was signed by Mr. Walters as the sole director. Counsel also submitted certain portions of an "Agreement for Purchase and Sale of Assets," dated January 11, 1991. (Attachment 3). The latter agreement provides for the sale to The Property Group, Inc. of assets which had previously been part

93040951887

of The Walters Company. Barbara Smith, the president of The Property Group, Inc., had served in a management capacity with The Walters Company. Because the information supplied by counsel includes only a portion of the Purchase and Sale Agreement, we cannot provide the Commission with any further details about this transaction.

As stated above, counsel in his response brief has raised the issue of whether The Walters Company is properly represented before the Commission. Presumably this argument encompasses notification of the company about the Commission's findings, as well as whether the company has been given appropriate opportunities to respond and whether such responses have been provided.

Both the notification of the Commission's finding of reason to believe with regard to The Walters Company and the General Counsel's brief concerning the respondent have been sent to, and apparently received by, the agent designated by the corporation as part of its registration with the State of Oklahoma. That agent, Mr. Walters, responded to the discovery requests made of the corporation. Thus, an appropriate representative of the company has been given the required notice and opportunities to respond, and has responded.

Counsel's most recent submissions raise many questions about the true status of The Walters Company. We have concluded, however, that this issue does not merit the dedication of further Commission resources to an investigation. We have recommended above that the Commission find probable cause to believe with

93040951888

respect to Mr. Walters in his capacity as an officer of The Walters Company. For this reason, this Office recommends that the Commission accept for purposes of this matter that The Walters Company no longer exists, take no further action and close the file as to that entity.

D. Friends of David Walters

On September 15, 1992, the Commission found reason to believe that the Friends of David Walters had violated 2 U.S.C. §§ 433, 434, and 441b and 11 C.F.R. § 102.5(a) by making \$1,050 in expenditures on behalf of the Dukakis for President Committee from an account which, according to Oklahoma law, could have contained labor union monies. The Commission also determined to take no further action and to close the file as to this respondent. The Friends of David Walters was Mr. Walters' committee during his campaign for governor in 1986.

As he had in a letter dated November 3, 1992, and during telephone conversations with staff, counsel in his response brief takes strong issue with the reason to believe findings related to the presence of labor union contributions in the account of the Friends of David Walters, pointing out that Mr. Walters ran for governor of Oklahoma in 1986 as a right to work candidate and, therefore, no labor union money was received. He also objects strenuously to the fact that the Commission closed the file rather than await a reply from the respondent. Counsel demands that the Commission reopen "its completely factually erroneous finding in respect of Friends of David Walters, and reverse its finding of probable cause [sic] that labor union money was contributed to the

93040951389

Dukakis for President campaign." (Counsel's Response Brief, page 4.)⁷

It is the recommendation of this Office that the Commission decline the request to vacate its findings of reason to believe that the Friends of David Walters violated 2 U.S.C. §§ 433, 434 and 441b and 11 C.F.R. § 102.5(a). These findings were based upon the presumption employed by the Commission that, in situations in which state law permits the acceptance of union and/or corporate contributions, a committee's account contains funds from union or corporate sources. The decision not to pursue the Friends of David Walters beyond the reason to believe finding was based upon the small amount, \$1,050, which was involved, and is consistent with the Commission's policy of not using its resources to pursue such matters.

It is within the Commission's discretion to find reason to believe a violation has occurred and then take no further action. (See, e.g., RAD Ref. 92L-11/MUR 3717). The Commission is not required to conduct a full investigation after making a finding of reason to believe; such a finding is preliminary and does not constitute a determination by the Commission that a violation has occurred. There is always a risk that the Commission will receive exculpatory information after electing not to pursue a particular issue beyond the reason to believe finding, but this risk must be weighed against the relative magnitude of

7. The Commission closed the file with regard to the Friends of David Walters after finding reason to believe, not probable cause to believe.

93040951890

the possible violation at issue and the resources which would be needed to determine whether or not a violation had actually occurred.

Pursuant to standard Commission procedure, counsel's response brief, including the portion which addresses the disputed reason to believe findings, will be placed on the public record when the entire file in this matter is closed. In the meantime, the letter to be sent to counsel, informing him of the Commission's determination regarding his request for reversal of the reason to believe finding, will acknowledge the information which has been furnished regarding Mr. Walters' assertions that he did not receive labor union contributions.

E. GSMI, Inc.

As stated above, notification of the Commission's reason to believe determination with regard to GSMI, Inc. was sent to David L. Walters because it appeared that he had been appointed receiver for this corporation. In fact, he was receiver for the building only. The notification of the Commission's reason to believe determination regarding the corporation was not forwarded to GSMI, Inc.; nor has this company been otherwise informed.

Given the recommendation of this Office that the Commission find no probable cause to believe that Mr. Walters violated 2 U.S.C. § 441b(a) with regard to the rent charged the Dukakis campaign for space in the GSMI building, and given the apparent lack of involvement by GSMI, Inc. personnel in the rental of the space at issue, this Office recommends that the Commission take no further action and close the file as to this respondent. A letter

93040951891

will be sent to the corporation outlining the Commission's actions in its regard.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

IV. RECOMMENDATIONS

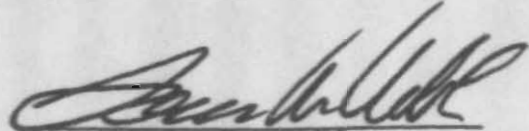
1. Deny counsel's request for an oral hearing.
2. Find no probable cause to believe that David L. Walters violated 2 U.S.C. § 441b(a) with regard to rent paid by the Dukakis for President Committee for office space.
3. Find probable cause to believe that David L. Walters violated 2 U.S.C. § 441a(a)(1)(A) and 2 U.S.C. § 441b(a) with regard to advances made in 1987 and 1988 on behalf of the Dukakis for President Committee and the Dukakis/Bentsen Committee.
4. Take no further action and close the file with regard to The Walters Company.
5. Take no further action and close the file with regard to GSMI, Inc.,
6. Decline the requests of counsel to reopen the file as it pertains to the Friends of David Walters and to vacate the Commission's findings of reason to believe that the Friends of David Walters violated 2 U.S.C. §§ 433, 434, and 441b and 11 C.F.R. § 102.5(a).

93040951892

7. Approve the attached conciliation agreement to be sent to David L. Walters.

8. Approve the appropriate letters.

3/16/93
Date


Lawrence M. Noble
General Counsel

Attachments

1. Corporation Records - The Walters Company
2. Resolution for Board of Directors and Transfer of Assets of The Walters Company
3. Portions of Agreement for Purchase and Sale of Assets
4. Conciliation Agreement

Staff Assigned: Anne A. Weissenborn

93040951893

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3143
Dukakis/Bentsen Committee and)
Edward Pliner, as treasurer;)
David L. Walters;)
The Walters Company;)
GSMI, Inc.;)
Friends of David Walters)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session on
March 30, 1993, do hereby certify that the Commission
decided by a vote of 4-0 to take the following actions
in MUR 3143:

1. Enter into conciliation with the Dukakis/
Bentsen Committee and Edward Pliner, as
treasurer, prior to a finding of probable
cause to believe.
2. Approve the proposed conciliation agreement
and appropriate letter recommended in the
General Counsel's March 16, 1993 report
with respect to Dukakis/Bentsen Committee
and Edward Pliner, as treasurer.
3. Deny counsel's request for an oral hearing
as noted in the FEC General Counsel's
March 16, 1993 report with respect to David
L. Walters; The Walters Company; GSMI, Inc.;
and Friends of David Walters.

(continued)

23040951894

- 23040951895
4. Find no probable cause to believe that David L. Walters violated 2 U.S.C. § 441b(a) with regard to rent paid by the Dukakis for President Committee for office space.
 5. Find probable cause to believe that David L. Walters violated 2 U.S.C. § 441a(a)(1)(A) and 2 U.S.C. § 441b(a) with regard to advances made in 1987 and 1988 on behalf of the Dukakis for President Committee and the Dukakis/Bentsen Committee, but take no further action and close the file with respect to David L. Walters.
 6. Take no further action and close the file with regard to The Walters Company.
 7. Take no further action and close the file with regard to GSMI, Inc.
 8. Decline the request of counsel to reopen the file as it pertains to the Friends of David Walters and to vacate the Commission's findings of reason to believe that the Friends of David Walters violated 2 U.S.C. §§ 433, 434, and 441b and 11 C.F.R. § 102.5(a).

(continued)

9. Approve appropriate letters pursuant to the above actions and the Commission discussion, with the direction that the letter to respondent David L. Walters contain language of admonishment.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision; Commissioners McDonald and Potter recused themselves from MUR 3143 and were not present at the meeting during consideration of this matter.

Attest:

3-30-93
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

93040951896



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 7, 1993

Carol C. Darr, Esquire
1175 Dolly Madison Blvd.
McLean, VA 22101

RE: MUR 3143
Dukakis/Bentsen Committee
Edward Pliner, as treasurer

Dear Ms. Darr:

On September 15, 1992, the Federal Election Commission found reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 2 U.S.C. § 441b and 26 U.S.C. § 9003(b). At your request, on March 30, 1993, 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 me at (202) 219-3400.

Sincerely,

A handwritten signature in cursive script, reading "Anne A. Weissenborn", is written above the typed name.

Anne A. Weissenborn
Senior Attorney

Enclosure
Conciliation Agreement

23040951897



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 7, 1993

Richard D. Manley, Registered Agent
GSMI, Inc.
1140 N.W. 63rd
#G-120
Oklahoma City, Oklahoma 73116

RE: MUR 3143

Dear Mr. Manley:

I am writing to inform you of certain determinations made by the Federal Election Commission with regard to the rental by the Dukakis for President Committee ("the Committee") in 1988 of space in the One Western Plaza Building located at 5500 North Western Street, Oklahoma City. It is the Commission's understanding that at the time of the rental at issue the building was owned by GSMI, Inc., but that the building had been placed in receivership with David L. Walters having been appointed receiver.

On October 15, 1990, the Commission received a complaint alleging that the rent charged the Committee for use of space at 5500 North Western Street had been discounted, thus resulting in an apparent violation of the Federal Election Campaign Act ("the Act"). Mr. Walters, as receiver, was notified of the complaint, and he responded with information concerning the rental at issue. In the mistaken understanding that Mr. Walters was acting as receiver for GSMI, Inc., as a whole, not just for the One Western Plaza Building, the Commission on March 26, 1991, found reason to believe that GSMI, Inc., had violated 2 U.S.C. § 441b(a) and notified Mr. Walters to this effect. Apparently this information has never been conveyed to your corporation.

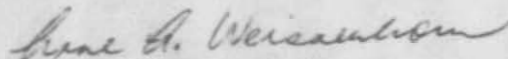
Following an investigation of the rental issue, the Commission on March 30, 1993, voted to take no further action and to close the file with regard to GSMI, Inc. This decision was based upon a related determination that the rental to the Dukakis campaign did not result in a violation of the Act.

93040951898

Richard D. Manley, Registered Agent
page 2

The Office of the General Counsel regrets the confusion which has resulted in a lack of communication with you and the corporation about this matter. If you have any questions, please contact me at (202) 219-3400.

Sincerely,



Anne A. Weissenborn
Senior Attorney

93040951899

BEFORE THE FEDERAL ELECTION COMMISSION

93 APR 21 PM 1:53

In The Matter of
Dukakis for President Committee
Robert A. Farmer, as treasurer

MUR 3143

SENSITIVE

GENERAL COUNSEL'S REPORT

I. STATEMENT OF THE CASE

On March 26, 1991, and May 10, 1991, the Commission found reason to believe that the Dukakis for President Committee ("the Committee") and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b by receiving in-kind corporate contributions in the form of discounted rent on office space in a building owned by GSMI, Inc., namely the One Western Plaza Building, 5500 North Western Street, Oklahoma City, Oklahoma. Later, on October 22, 1991, the Commission found reason to believe that the Committee had violated 2 U.S.C. § 441b(a) by accepting prohibited contributions from David L. Walters as the then apparent receiver for GSMI, Inc. It was later determined that Mr. Walters had served as receiver of the building only, not of GSMI, Inc.

Following an investigation, this Office, on October 23, 1992, forwarded to counsel for the Committee a brief containing the proposed recommendation that the Commission find no probable cause to believe that the Committee and Robert A. Farmer, as treasurer, had violated 2 U.S.C. § 441b with regard to the rent charged the Committee for the office space at issue. No responsive brief has been received.

93040951900

On March 30, 1993, the Commission found no probable cause to believe that David L. Walters had violated 2 U.S.C. § 441b(a) with regard to the rent paid by the Committee for the office space at issue.

II. ANALYSIS (The General Counsel's Brief sent to the Dukakis for President Committee is incorporated by reference into this report.)

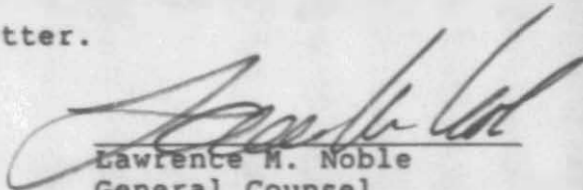
As explained in detail in the General Counsel's Brief, it is the position of this Office that the rent charged the Dukakis campaign for the use of space in the One Western Plaza Building was commercially reasonable. Therefore, this Office recommends that the Commission find no probable cause to believe that the Dukakis for President Committee, and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b(a) with regard to the rent charged the Committee for office space at 5500 North Western Street, Oklahoma City, Oklahoma.¹

III. RECOMMENDATIONS

1. Find no probable cause to believe that the Dukakis for President Committee, and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b(a) with regard to the rent charged the Committee for office space at 5500 North Western Street, Oklahoma City, Oklahoma.
2. Approve the appropriate letter.

Date

4/21/93


Lawrence M. Noble
General Counsel

Staff Assigned: Anne A. Weissenborn

1. The Commission is presently in pre-probable cause conciliation in the present matter with the Dukakis for President Committee and with the Dukakis/Bentsen Committee regarding the receipt by these committees of excessive and/or corporate contributions in the form of advances made on their behalf by David L. Walters and The Walters Company.

93040951901

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Dukakis for President Committee and) MUR 3143
Robert A. Farmer, as treasurer.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 26, 1993, the Commission decided by a vote of 4-0 to take the following actions in MUR 3143:

1. Find no probable cause to believe that the Dukakis for President Committee, and Robert A. Farmer, as treasurer, violated 2 U.S.C. § 441b (a) with regard to the rent charged the Committee for office space at 5500 North Western Street, Oklahoma City, Oklahoma.
2. Approve the appropriate letter, as recommended in the General Counsel's Report dated April 21, 1993.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter did not cast a vote and Commissioner McDonald recused himself from this matter.

Attest:

4-26-93
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:
Circulated to the Commission
Deadline for vote:

Wed., April 21, 1993 1:53 p.m.
Wed., April 21, 1993 4:00 p.m.
Mon., April 26, 1993 4:00 p.m.

93040951902



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

APRIL 28, 1993

Daniel A. Taylor, Esquire
Hill & Barlow
One International Place
Boston, MA 02110

RE: MUR 3143
Dukakis for President
Committee
Robert A. Framer, as treasurer

Dear Mr. Taylor:

This is to advise you that on April 26, 1993, the Federal Election Commission found that there is no probable cause to believe your clients violated 2 U.S.C. § 441b(a) with regard to the rent charged the Dukakis for President Committee for office space at 5500 North Western Street, Oklahoma City, Oklahoma.

If you have any questions, please contact Anne A. Weissenborn, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble
General Counsel

93040951903



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MAY 4, 1993

R. Thomas Seymour, Esquire
Suite 230
Mid-Continent Tower
Tulsa, Oklahoma 74103

RE: MUR 3143
David L. Walters
The Walters Company
Friends of David Walters

Dear Mr. Seymour:

As we discussed by telephone on April 30, 1993, this Office has agreed to withdraw the letter sent to you on April 7, 1993. We ask that you return the original letter and any copies to this Office as soon as possible.

It is the understanding of this Office that the enclosed letter resolves all pending issues between your clients and this Office. As is stated in the enclosed letter, you will be notified when the entire file in this matter has been closed and is to be placed on the public record.

Sincerely,

A handwritten signature in cursive script, which appears to read "Anne A. Weissenborn", is written above the typed name.

Anne A. Weissenborn
Senior Attorney

Enclosure

93040951904



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MAY 4, 1993

R. Thomas Seymour, Esquire
Suite 230
Mid-Continent Tower
Tulsa, Oklahoma 74103

RE: MUR 3143
David L. Walters
The Walters Company
Friends of David Walters

Dear Mr. Seymour:

This is to advise you that on March 30, 1993, the Federal Election Commission ("the Commission") voted to deny your request for an oral hearing in the above-cited matter. On the same date the Commission found no probable cause to believe that David L. Walters violated 2 U.S.C. § 441b(a) with regard to rent paid by the Dukakis for President Committee for office space, and probable cause to believe that Mr. Walters violated 2 U.S.C. § 441a(a)(1)(A) and 2 U.S.C. § 441b(a) with regard to advances made in 1987 and 1988 on behalf of the Dukakis for President Committee and the Dukakis/Bentsen Committee.

After considering the circumstances of this matter, however, the Commission also determined to take no further action against Mr. Walters and closed its file in this matter as it pertains to him. The Commission reminds your client that the making of advances on behalf of a candidate for federal office in excess of the statutory contribution limitations, or from prohibited corporate sources, constitutes violations of the Federal Election Campaign Act. Your client should take steps to insure that such activity does not occur in the future. You will now find guidance in this regard at 11 C.F.R. § 116.5.

The Commission also voted to take no further action and to close the file with regard to The Walters Company. Further, the Commission voted to decline your requests that the Commission reopen the file as it pertains to the Friends of David Walters and vacate its findings of reason to believe pertaining to that committee.

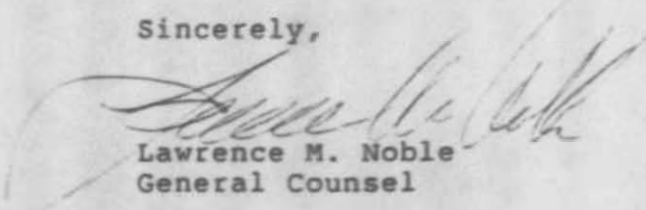
The file in this matter will be made public within 30 days after the matter has been closed with respect to all other respondents involved. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

23040951905

R. Thomas Seymour, Esquire
page 2

If you have any questions, please contact Anne A.
Weissenborn, the senior attorney assigned to this matter, at (202)
219-3400.

Sincerely,



Lawrence M. Noble
General Counsel

93040951906

BEFORE THE FEDERAL ELECTION COMMISSION

93 JUN 15 PM 12:33

In the Matter of)

SENSITIVE

MUR 3143

Dukakis for President Committee)

Robert A. Farmer, as treasurer)

Dukakis/Bentsen Committee)

Edward Pliner, as treasurer)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached are two conciliation agreements which have been signed by Daniel A. Taylor, general counsel of the Dukakis for President Committee and of the Dukakis/Bentsen Committee.

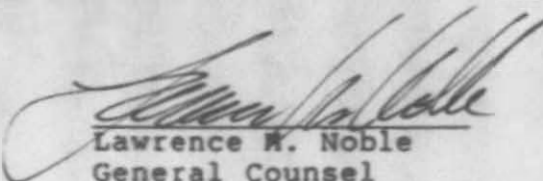
93040751907

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the Dukakis for President Committee and Robert A. Farmer, as treasurer.
2. Accept the attached conciliation agreement with the Dukakis/Bentsen Committee and Edward Pliner, as treasurer.
3. Close the file.
4. Approve the appropriate letters.

Date

6/14/93


Lawrence W. Noble
General Counsel

Attachments

1. Conciliation Agreements (2)
2. Photocopy of civil penalty check

Staff Assigned: Anne Weissenborn

93040951908

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Dukakis for President Committee) MUR 3143
and Robert A. Farmer, as treasurer;)
Dukakis/Bentsen Committee and)
Edward Pliner, as treasurer.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that the
Commission decided by a vote of 4-0 to take the
following actions in MUR 3143:

1. Accept the conciliation agreement with
the Dukakis for President Committee and
Robert A. Farmer, as treasurer, as
recommended in the General Counsel's
Report dated June 14, 1993.
2. Accept the conciliation agreement with
the Dukakis/Bentsen Committee and
Edward Pliner, as treasurer, as
recommended in the General Counsel's
Report dated June 14, 1993.
3. Close the file.

(continued)

93040951909

4. Approve the appropriate letters, as recommended in the General Counsel's Report dated June 14, 1993.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald recused himself from this matter and Commissioner Potter did not cast a vote.

Attest:

6-18-93
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:	Tues., June 15, 1993	12:38 P.M.
Circulated to the Commission:	Tues., June 15, 1993	4:00 P.M.
Deadline for vote:	Fri., June 18, 1993	4:00 P.M.

dh

23040951910



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

JUNE 24, 1993

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Clinton Key, Chairman
Oklahoma Republican Party
4031 N. Lincoln
Oklahoma City, Oklahoma 73105

RE: MUR 3143

Dear Mr. Key:

This is in reference to the complaint you filed with the Federal Election Commission on October 19, 1990, concerning Dukakis for President Committee and Robert A. Farmer, as treasurer, and Dukakis/Bentsen Committee, and Edward Pliner, as treasurer.

The Commission found that there was reason to believe Dukakis for President Committee and Robert A. Farmer, as treasurer violated 2 U.S.C. §§ 441a(f) and 441b and reason to believe Dukakis/Bentsen Committee and Edward Pliner, as treasurer, violated 2 U.S.C. § 441b(a) and 26 U.S.C. § 9003(b), provisions of the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code, and conducted an investigation in this matter. On June 18, 1993, conciliation agreements signed by the respondents were accepted by the Commission. Accordingly, the Commission closed the file in this matter on June 18, 1993. Copies of these agreements are enclosed for your information.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Anne Weissenborn (by AHS)

Anne Weissenborn
Attorney

Enclosures
Conciliation Agreements

93040951911



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

JUNE 24, 1993

R. Thomas Seymour, Esquire
Suite 230
Mid-Continent Tower
Tulsa, Oklahoma 74103

RE: MUR 3143
David L. Walters
The Walters Company
Friends of David Walters

Dear Mr. Seymour:

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) 219-3400.

Sincerely,

Anne Weissenborn by ARS

Anne Weissenborn
Attorney

93040951912



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20542-11

JUNE 24, 1993

Richard D. Manley, Registered Agent
GSMI, Inc.
1140 N.W. 63rd
#G-120
Oklahoma City, Oklahoma 73116

RE: MUR 3143

Dear Mr. Manley:

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) 219-3400.

Sincerely,

Anne Weissenborn (by AHS)

Anne Weissenborn
Attorney

93040751913



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

JUNE 24, 1993

Daniel A. Taylor, Esquire
Hill & Barlow
One International Place
Boston, Massachusetts 02110-2607

RE: MUR 3143
Dukakis for President Committee
Robert A. Farmer, as treasurer;
Dukakis/Bentsen Committee
Edward Pliner, as treasurer

Dear Mr. Taylor:

On June 18, 1993, 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, and 26 U.S.C. § 9003(b), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and Chapters 95 and 96 of Title 26, U.S. Code. 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.

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 agreements, however, will become a part of the public record.

Enclosed you will find copies of the fully executed conciliation agreements for your files. If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Anne Weissenborn (by AAS)
Anne Weissenborn
Attorney

Enclosures
Conciliation Agreements

93040951914

RECEIVED
FEDERAL ELECTION COMMISSION
CHIEF COUNSEL

93 JUN -2 AM 9:40

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3143
Dukakis for President Committee)
Robert A. Farmer, as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by the Oklahoma Republican Party. The Federal Election Commission ("Commission") found reason to believe that the Dukakis for President Committee ("the Committee") and Robert A. Farmer, as treasurer (together "Respondents") violated 2 U.S.C. § 441a(f) and § 441b.

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 Dukakis for President Committee is a political committee within the meaning of 2 U.S.C. § 431(4).
 - 2. Robert A. Farmer is the treasurer of the Dukakis for President Committee.

23040951915

3. Pursuant to 2 U.S.C. § 441a(a)(1)(A), no individual may contribute more than \$1,000 to a candidate for federal office or to his or her authorized committee.

4. Pursuant to 2 U.S.C. § 441a(f), political committees may not knowingly accept contributions which exceed the limitations established at 2 U.S.C. § 441a.

5. Pursuant to 2 U.S.C. § 431(8)(A)(1), "contribution" is defined to include any gift, subscription, loan, advance or deposit of money or anything of value for purposes of influencing a federal election.

6. In 1988 11 C.F.R. § 100.7(b) exempted from the definition of "contribution" any unreimbursed payment for transportation expenses incurred by an individual on behalf of any candidate so long as such expenditures did not exceed \$1,000. In addition, a volunteer's expenditures of personal funds for his or her own subsistence expenses were not to be considered contributions.

7. Pursuant to 2 U.S.C. § 441b(a), no candidate for federal office or his or her political committee may knowingly accept or receive a contribution from a corporation.

8. Pursuant to 2 U.S.C. § 441b(b)(2), a "contribution" or "expenditure" includes "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . . to any candidate . . . in connection with any election" to federal office.

9. David L. Walters made a direct contribution of \$500 to the Dukakis for President Committee in February, 1988.

23040951916

10. On November 18, 1987, the Committee reimbursed Mr. Walters for the following expenditures made on behalf of the Committee:

<u>Amount</u>	<u>Date</u>	<u>Purpose per Documentation</u>
\$730.87	10/22/87	Mailing services
415.00	10/14/87	Envelopes
22.00	9/23/87	Postage
32.64	9/22-10/16/87	Postage
34.54	9/6/87	Hotel for John Dukakis
56.38	9/24/87	Telephone
75.50	10/12-16	Travel -3 trips to Tulsa
<u>\$1,366.93</u>		

Of this amount \$1,291.43 (\$1,366.93 - \$75.50) constituted contributions, pursuant to 2 U.S.C. § 431(8)(A)(1) and 11 C.F.R. § 100.7.

11. On January 25, 1988, the Committee reimbursed Mr. Walters for an advance of \$500 made on or about January 13, 1988, to cover a filing fee. This advance constituted a contribution, pursuant to 2 U.S.C. § 431(8)(A)(1) and 11 C.F.R. § 100.7.

12. On June 6, 1988, the Committee reimbursed Mr. Walters for the following expenditures made on behalf of the Committee:

<u>Amount</u>	<u>Payee</u>	<u>Date Billed</u>	<u>Date Paid by Walters</u>	<u>Purpose per Docu.</u>
\$ 2.42	Post Office	10/19-11/07/87	Same day	Postage
17.19	Restaurant	10/20/87	Same day	Meals
10.56	Restaurant	10/29/87	Same day	Food
1,500.00	Don Hoover	2/19/88	Same day	Payroll
501.83	Lakeside Press	2/26/88	Same day	Printing
1,000.00	Don Hoover	2/28/88	Same day	Radio
26.40	Don Hoover	2/28/88	Same day	Radio
371.10	Tony Newcomb Shirts	2/2/88	Same day	T-Shirts
332.75	?	2/4/88	Same day	Iowa Travel
50.00	Don Hoover	2/29/88	4/19/88	Payroll
1,000.00	Don Hoover	3/10/88	4/19/88	Payroll
<u>\$4,812.25</u>				

93040951917

1990

Two of these expenditures in the amounts of \$50 and \$1,000 were made from the account of Friends of David Walters and thus were not personal contributions. Of the remaining amount, \$3,401.75 (\$3,762.25 - (\$27.75 + \$332.75)) constituted contributions, pursuant to 2 U.S.C. § 431(8)(A)(1) and 11 C.F.R. § 100.7.

13. Mr. Walters made an expenditure of \$800 for radio time on behalf of the Committee on February 28, 1988, for which he was never reimbursed. This expenditure constituted a contribution, pursuant to 2 U.S.C. § 431(8)(A)(1).

14. Mr. Walters' contributions to the Dukakis for President Committee totaled \$6,493.18.

15. On February 29, 1988, the Committee reimbursed The Walters Company ("the Company"), an incorporated entity, for \$40.00 in expenditures for bus travel. These expenditures constituted contributions, pursuant to 2 U.S.C. § 441b(b)(2).

16. On June 6, 1988, the Committee reimbursed The Walters Company for the following expenditures:

<u>Payment by Company</u>	<u>Payee</u>	<u>Amount</u>
10/7/87	ATC	\$103.18
11/23/87	ATC	105.74
10/25/87	Southwestern	
	Bell ("SWB")	5.12
12/24/87	Cox Communic.	874.80
12/23/87 &	ATC	56.47
1/23/88		
1/19/88	SWB	236.76
	Post Office	112.73
		<u>\$1,494.80</u>

These advances by the Company constituted contributions, pursuant to 2 U.S.C. § 441b(b)(2).

93040951918

17. On January 18, 1988, The Walters Company made an expenditure of \$42.80 for office furniture on behalf of the Committee for which it has not been reimbursed. This expenditure constituted a contribution, pursuant to 2 U.S.C. § 441b(b)(2).

18. On November 14, 1988, the Dukakis/Bentsen Committee reimbursed The Walters Company for a \$140.00 expenditure made on behalf of the Dukakis for President Committee for office supplies. This expenditure constituted a contribution, pursuant to 2 U.S.C. § 441b(b)(2).

19. The Walters Company's contributions to the Dukakis for President Committee totaled \$1,717.76.

20. On April 19, 1988, David L. Walters made an expenditure of \$1,050 on behalf of the Dukakis for President Committee by means of a check drawn on the account of Friends of David Walters, his state committee for his campaign for the office of Governor of the State of Oklahoma in 1986.

21. The State of Oklahoma permits labor organization contributions to candidates for state office.

22. The expenditure of \$1,050 from the account of Friends of David Walters constituted a contribution, pursuant to 2 U.S.C. § 441b(b)(2).

V. Respondents contend that their customary procedures were to pay campaign expenditures directly by drafts, but that in this case the campaign neglected to furnish drafts to pay for the aforementioned campaign expenditures. Respondents further contend that the individual and corporation noted above as receiving reimbursements sought guidance from Respondent Committee on the

23040951919

proper handling of campaign expenditures, and were advised to pay the expenditures, submit appropriate documentation and receive reimbursement. Respondents contend that all such expenditures were proper campaign expenditures whose costs were, as noted, ultimately borne by Respondent Committee by virtue of its reimbursement of such expenditures, and that the mistake giving rise to the violations noted below arose from the fact that the expenditures were not paid directly by the Committee but were reimbursed to the persons noted above.

VI. Respondents knowingly accepted \$6,493.18 in contributions and advances from David L. Walters, in violation of 2 U.S.C. § 441a(f).

VII. Respondents knowingly accepted \$1,717.76 in advances from The Walters Company, in violation of 2 U.S.C. § 441b.

VIII. Respondents knowingly accepted \$1,050.00 in advances from Friends of David Walters, in violation of 2 U.S.C. § 441b.

IX. Respondents contend that these violations were not knowing and willful.

X. Respondents will pay a civil penalty to the Federal Election Commission in the amount of One Thousand Two Hundred Fifty Dollars (\$1,250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

XI. 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

23040951920

1990

relief in the United States District Court for the District of Columbia.

XII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

XIII. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement(s) contained in this agreement and to so notify the Commission.

XIV. 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

BY:

Lois G. Lerner
Lois G. Lerner
Associate General Counsel

Date June 23, 1993

FOR THE RESPONDENTS:

Daniel A. Taylor
Daniel A. Taylor
General Counsel

Date May 26, 1993

93040951921

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Dukakis/Bentsen Committee
Edward Pliner, as treasurer

)
)
)
)
)

MUR 3143

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by the Oklahoma Republican Party. The Federal Election Commission ("Commission") found reason to believe that the Dukakis/Bentsen Committee and Edward Pliner, as treasurer ("Respondents") violated 2 U.S.C. § 441b(a) and 26 U.S.C. § 9003(b).

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 Dukakis/Bentsen Committee is a political committee within the meaning of 2 U.S.C. § 431(4), and was the

93040951922

principal campaign committee of Michael Dukakis during the 1988 general election campaign for President.

2. Edward Pliner is the treasurer of the Dukakis/Bentsen Committee.

3. Pursuant to 2 U.S.C. § 441b(a), no candidate for federal office nor his or her political committee may knowingly accept or receive a contribution from a corporation.

4. Pursuant to 2 U.S.C. § 441b(b)(2), a "contribution" or "expenditure" includes "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . . to any candidate . . . in connection with any election" to federal office.

5. Pursuant to 26 U.S.C. § 9003(b), any candidate of a major party in a presidential election, who wishes to receive public funds pursuant to 26 U.S.C. § 9006, must certify to the Commission that neither he nor his authorized committees will accept contributions to defray qualified campaign expenses.

6. As the candidate of a major party in a presidential election who received public funds pursuant to 26 U.S.C. § 9006, Michael Dukakis certified to the Commission that his authorized committees would not accept contributions to defray qualified campaign expenses.

7. On November 14, 1988, the Dukakis/Bentsen Committee reimbursed The Walters Company of Oklahoma City, Oklahoma, for the following expenditures made on behalf of the Committee:

93040951923

1990

<u>Amount</u>	<u>Date</u>	<u>Purpose per Documentation</u>
\$347.00	9/30/88	Airline
375.80	7/16-21/88	Hotel
131.62	7/15-16/88	Hotel
11.00		Federal Express
14.06		MCI Telephone
100.00		Postage
111.35		Avis Rent a Car
185.43		ATC Telephone
53.85		Pagers
24.90		AT&T Telephone
41.73		Copy Paper
50.38		Computer
68.00	10/27/88	Fax Machine Rental (1 mo)
136.00	10/27/88	Fax Machine Rental (2 mo)
<u>\$1,651.12</u>		

8. On November 14, 1988, the Dukakis/Bentsen Committee reimbursed David L. Walters for the following expenditures made on behalf of the Committee:

<u>Amount</u>	<u>Date</u>	<u>Purpose per Documentation</u>
\$ 7.85	10/4/88	Misc.-Volunteer Expense (Food)
19.65		Volunteer Food
420.00	7/15-22/88	Entertainment, meals, cab T-shirts (\$100)
2.35		Volunteer expenses
20.00	9/20/88	Bentsen Staff/Advance Exp.
365.12	7/7/88	Hotel-Boston
40.00	7/8/88	Restaurant-Boston
78.00	8/2/88	Oklahoma Tourism
<u>\$952.97</u> ¹		
- 99.54		
<u>\$853.43</u>		

V. Respondents contend that their customary procedures were to pay campaign expenditures directly by drafts, but that in this case the campaign neglected to furnish drafts to pay for the aforementioned campaign expenditures. Respondents further contend that the individual and corporation noted above as receiving

1. Paid by Victory '88, Oklahoma Democratic Party, against July 7-8 and August 2 bills.

23040951924

reimbursements sought guidance from Respondent Committee on the proper handling of campaign expenditures, and were advised to pay the expenditures, submit appropriate documentation and receive reimbursement. Respondents contend that all such expenditures were proper campaign expenditures whose costs were, as noted, ultimately borne by Respondent Committee by virtue of its reimbursement of such expenditures, and that the mistake giving rise to the violations noted below arose from the fact that the expenditures were not paid directly by the Committee, but were reimbursed to the persons noted above.

VI. Respondents knowingly accepted \$1,651.21 in advances from The Walters Company, in violation of 2 U.S.C. § 441b.

VII. Respondents accepted advances and thus contributions totaling \$2,504.55 from The Walters Company and from David L. Walters, in violation of 26 U.S.C. § 9003(b).

VIII. Respondents contend that these violations were not knowing and willful.

IX. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Seven Hundred Fifty Dollars (\$750), pursuant to 2 U.S.C. § 437g(a)(5)(A).

X. 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.

23040951925

XI. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

XII. 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.

XIII. 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

BY:

L. G. Jernier (aka)
Lois G. Jernier
Associate General Counsel

June 23, 1993
Date

FOR THE RESPONDENTS:

Daniel A. Taylor
Daniel A. Taylor
General Counsel

May 26, 1993
Date

93040951926



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

JULY 1, 1993

BY FEDERAL EXPRESS

Clinton Key
Office of the Chairman
Oklahoma Republican Party
4031 N. Lincoln
Oklahoma City, Oklahoma 73105

RE: MUR 3143

Dear Mr. Key:

On June 24, 1993, this Office wrote to you with regard to the outcome of the complaint you filed with the Federal Election Commission on October 15, 1990, on behalf of the Oklahoma Republican Party. The letter discussed the actions taken by the Commission with regard to the Dukakis for President Committee and the Dukakis/Bentsen Committee; however, due to an administrative oversight it did not discuss additional actions taken by the Commission in this matter concerning other respondents. These actions are outlined below for your information.

On March 26, 1991, the Commission found reason to believe that GSMI, Inc., had violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making a corporate contribution in the form of discounted rent. On October 22, 1991, the Commission found reason to believe that David L. Walters had violated 2 U.S.C. § 441a(a)(1)(A) by making excessive advances on behalf of the Dukakis campaign, as well as 2 U.S.C. § 441b in connection with the allegedly discounted rental charge; and that The Walters Company had violated 2 U.S.C. § 441b(a) by making advances on behalf of the campaign.

An investigation in this matter was conducted. On September 15, 1992, the Commission found reason to believe that the Friends of David Walters had violated 2 U.S.C. §§ 433, 434, and 441b and 11 C.F.R. § 102.4(a) as a result of a check drawn on this committee's account which was used to make an advance on behalf of the Dukakis campaign. The Commission also determined to take no further action and to close the file as to this respondent.

93040951927
CLOSED

Clinton Key
Oklahoma Republican Party
page 2

On March 16, 1993, the Office of the General Counsel submitted a report to the Commission which contained a series of recommendations for Commission action. (See enclosed General Counsel's Report.) The Commission on March 30, 1993, found no probable cause to believe that David L. Walters violated 2 U.S.C. § 441b(a) with regard to rent paid by the Dukakis for President Committee for office space. The Commission found probable cause to believe that Mr. Walters had violated 2 U.S.C. § 441a(a)(1)(A) and 2 U.S.C. § 441b(a) as a result of advances made himself and by The Walters Company in 1987 and 1988 on behalf of the Dukakis for President Committee and the Dukakis/Bentsen Committee, but voted to take no further action and to close the file with respect to Mr. Walters. The letter sent to counsel contained an admonishment regarding the fact that the making of advances on behalf of a candidate for federal office in excess of the statutory limitations, or from prohibited corporate sources, constituted violations of the Act, and that his client should take steps to insure that such activity does not occur in the future.

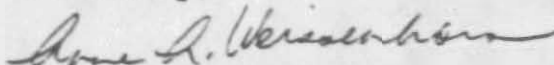
On March 30, 1993, the Commission also voted to take no further action and close the file with regard to The Walters Company and GSMI, Inc.

As you have already been informed, the Commission closed the entire file in this matter on June 18, 1993, following acceptance of conciliation agreements with the Dukakis for President Committee and the Dukakis/Bentsen Committee.

The Federal Election Campaign Act of 1981, as amended, allows a complainant to seek judicial review of the Commission's dismissal of an action. See 2 U.S.C. § 437g(a)(8). This right applies, inter alia, to situations in which the Commission finds reason to believe or probable cause to believe a violation has occurred but takes no further action, and to situations in which the Commission finds no probable cause to believe.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,



Anne A. Weissenborn
Senior Attorney

Enclosure

23040951928



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3143

DATE FILMED 7/26/93 CAMERA NO. 4

CAMERAMAN JMH

93040951929



FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

☒ Microfilm
☐ Public Rcds
☐ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO
THE PUBLIC RECORD IN CLOSED MUR 3143.

9/8/93

93040954625

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Dukakis for President Committee) MUR 3143
and Robert A. Farmer, as treasurer;)
Dukakis/Bentsen Committee and)
Edward Pliner, as treasurer.)

AMENDED CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 18, 1993, the Commission decided by a vote of 4-0 to take the following actions in MUR 3143:

1. Accept the conciliation agreement with the Dukakis for President Committee and Robert A. Farmer, as treasurer, as recommended in the General Counsel's Report dated June 14, 1993.
2. Accept the conciliation agreement with the Dukakis/Bentsen Committee and Edward Pliner, as treasurer, as recommended in the General Counsel's Report dated June 14, 1993.

(continued)

93040954626

3. Close the file.
4. Approve the appropriate letters, as recommended in the General Counsel's Report dated June 14, 1993.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald recused himself from this matter. Commissioner Potter did not cast a vote.

Attest:

9-3-93

Date

Delores Hardy
for Marjorie W. Emmong
Secretary of the Commission

Received in the Secretariat: Tues., June 15, 1993 12:38 p.m.
Circulated to the Commission: Tues., June 15, 1993 4:00 p.m.
Deadline for vote: Fri., June 18, 1993 4:00 p.m.

bjr

93040954627