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

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

MUR 4675

Date Activated: January 14, 1999

Staff Member : Andre G. Pineda

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RESPONDENTS: Pete Wilson for President Committee, Inc.
Renee Croce, as Treasurer
The Fuller Company
Newcourt Credit Group, Inc. (formerly d/b/a AT&T
Credit Corporation)

RELEVANT STATUTES/REGULATIONS:

- 2 U.S.C. § 431(8)(A)
- 2 U.S.C. § 441a(a)(1)(A)
- 2 U.S.C. § 441a(f)
- 2 U.S.C. § 441b(a)
- 26 U.S.C. § 9038(a)
- 11 C.F.R. §§ 100.7(a)(1), (a)(4) and (b)(8)
- 11 C.F.R. § 116.1(c)
- 11 C.F.R. §§ 116.3(a), (b) and (c)
- 11 C.F.R. §§ 116.5(a) and (b)
- 11 C.F.R. §§ 9038.1(c)(2), (c)(3), and (d)(2)

INTERNAL REPORTS CHECKED: Disclosure Reports, Audit Documents

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

The Pete Wilson for President Committee, Inc. ("the Committee") was the authorized committee of Governor Pete Wilson, a Republican Party candidate for President of the United

States in the 1996 election cycle. On April 3, 1995, the Committee registered with the Commission. On September 29, 1995, Governor Wilson withdrew his candidacy for the Republican presidential nomination. Governor Wilson and the Committee received \$1,724,257 in public funds under the Presidential Primary Matching Payment Account Act ("the Matching Payment Act"). 26 U.S.C. §§ 9031-9042. Following Governor Wilson's withdrawal, the Commission conducted an audit and examination of the Committee's receipts, disbursements and qualified campaign expenses pursuant to the Matching Payment Act and the Commission's regulations. 26 U.S.C. § 9038(a) and 11 C.F.R. § 9038.1.

This matter was generated from information obtained during the audit of the Committee. 11 C.F.R. § 9038.1(d)(2). The Audit Division's materials are attached. Attachment 1.

II. FACTUAL AND LEGAL ANALYSIS

A. LAW

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A); 11 C.F.R. § 100.7(a)(1). No person may 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)(A). No candidate or political committee shall knowingly accept any contribution that exceeds the contribution limitations. 2 U.S.C. § 441a(f). Moreover, no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures. *Id.*

It is unlawful for any corporation to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any candidate or political committee to accept or receive any contribution from a corporation. *Id.*

A commercial vendor is defined as “any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods and services.” 11 C.F.R. § 116.1(c). Unincorporated commercial vendors, as well as incorporated commercial vendors, may extend credit to a candidate, a political committee or another person on behalf of a candidate or political committee as long as the credit is for goods and services provided in the vendor’s usual and normal business.

11 C.F.R. §§ 116.1(c), 116.3(a), and 116.3(b). An extension of credit will not be considered a contribution provided that the credit is extended in the ordinary course of the commercial vendor’s business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. *Id.*; *see also*, 11 C.F.R. § 100.7(a)(4). In determining whether credit is extended in the ordinary course of business, the Commission will consider: (1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit; (2) whether the commercial vendor received proper payment in full if it previously extended credit to the same candidate or political committee; and (3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor’s industry. 11 C.F.R. § 116.3(c).

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b); *see also* 2 U.S.C. § 431(8)(A),

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11 C.F.R. § 100.7(b)(8). However, two exemptions exist. First, an individual may spend an aggregate of \$1,000 per election for the individual's transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party and the individual is reimbursed in a timely manner. 11 C.F.R. §§ 116.5(b)(1) and (2); *see also*, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 *Fed. Reg.* 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. 11 C.F.R. § 116.5(b)(2). When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. *See* 2 U.S.C. § 431(8)(A), 11 C.F.R. § 116.5; Explanation and Justification of 11 C.F.R. § 116.5(b), 55 *Fed. Reg.* 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. Explanation and Justification of 11 C.F.R. § 116.5(b), 55 *Fed. Reg.* 26382 (June 27, 1989). The Commission adopted section 116.5 out of concern that during critical periods in a campaign when an

authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. *Id.* at 26382-83; *see also*, MUR 1349 (Commission found probable cause to believe that the Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid \$18,713 in expenses on behalf of the committee).

B. ANALYSIS

1. Extension of Credit by The Fuller Company

On May 1, 1995, the Committee signed a contract with The Fuller Company, a corporation with its principal place of business in McLean, Virginia.¹ Attachment 2; *see also*, Attachment 1 at 3. Pursuant to the terms of the contract, The Fuller Company was to provide strategic advice and counsel to the Committee through its sole representative, Craig L. Fuller, who was to serve as the Committee's Campaign Chairman. *Id.* In exchange for Mr. Fuller's services, the Committee agreed to pay The Fuller Company a monthly retainer fee of \$22,000 which was to be paid "on or before the first day of each month without deduction for social security, federal or state taxes" beginning May 1, 1995. *Id.* The contract required The Fuller Company to obtain prior approval from the Committee for all travel and other expenses "incurred in the performance of this Agreement," and provided that the Committee would reimburse The

¹ The Fuller Company is not a registered corporation in Virginia, California, the District of Columbia or Delaware. *See* Attachment 1 at 4. Additionally, Fairfax County, Virginia, the county where McLean, Virginia is located, issued no business license to Craig Fuller or The Fuller Company during the contract period; all businesses and individuals engaging in self-employment or home occupations in Fairfax County, Virginia are required to obtain a business license. *Fairfax County, Virginia Department of Tax Administration - Personal Property and Business License Division* (visited January 15, 1999) <http://www.co.fairfax.va.us/dta/business_tax.htm>.

Fuller Company for these expenses within "thirty (30) days of receipt by the Committee."

Attachments 1 at 3-4 and 2 at 2. The contract further stated that The Fuller Company "will not obligate the Committee without prior written approval" and that The Fuller Company "does not have the authority to contract on behalf of the Committee without specific written authority from the Committee." Attachment 2 at 2. Additionally, the contract stated that The Fuller Company was an independent contractor who agreed "to assume exclusive liability for any and all taxes, assessments, levies or fines which may be paid or deemed owed by [it]."² *Id.* Moreover, the contract stated that the agreement between the Committee and The Fuller Company "shall terminate April 1, 1996," although both parties retained the ability to terminate the contract at an earlier date subject to stated notice requirements. *Id.* at 3.

On October 31, 1995, Mr. Fuller submitted a reimbursement request to the Committee, with supporting documentation, for campaign-related expenses he incurred between May 4, 1995 and September 28, 1995. *Id.* These expenses totaled \$29,193 for items such as taxi fares, meals and hotel lodging that Mr. Fuller paid on his personal credit card.³ *Id.* It appears that the Committee reimbursed Mr. Fuller \$29,184.98 for these expenses sometime between

² If the Commission finds reason to believe that The Fuller Company made an excessive contribution to the Committee, the Office of General Counsel plans to informally seek information from Mr. Fuller, The Fuller Company, and the Committee to determine whether Mr. Fuller was acting as an independent contractor or whether he was a Committee employee. See IRS Ruling 1987-41 (20 factors used to determine whether someone is an independent contractor or an employee for Federal tax purposes); IRS Publication 15-A § 2 (Rev. January 1999). This Office believes that IRS rules and rulings provide guidance as to how the Commission can analyze particular circumstances or situations, including the issue of independent contractors. Depending on the information obtained, the Office of General Counsel may be able to definitively conclude the appropriate legal framework to analyze this matter (e.g., whether The Fuller Company made an excessive contribution to the Committee under 11 C.F.R. § 116.3 (independent contractor acting as an unincorporated vendor), or whether Mr. Fuller, as an individual, made an excessive contribution under 11 C.F.R. § 116.5 (employee)).

³ The Audit staff found that the Committee paid Mr. Fuller the \$22,000 monthly retainers on a timely basis between May 1995 and July 1995 despite contract language stating that such payments were to be made to The

January 1, 1997 and March 31, 1997, approximately fifteen to eighteen months later.⁴

Attachment 4 at 5.

During the audit, the Committee submitted an affidavit from Mr. Fuller. Attachment 5. Mr. Fuller stated that he is president of The Fuller Company, a sole proprietorship that he established in 1989 when he left government service. *Id.* He established The Fuller Company based on advice from his financial advisor for tax reasons. *Id.* Mr. Fuller stated that he was retained by the Committee, through The Fuller Company, from May 1995 to September 1995 to serve as the Committee's campaign chairman. *Id.* Mr. Fuller stated that he was an independent contractor with the Committee who received an Internal Revenue Service ("IRS") Form 1099 reflecting his compensation from the Committee; he did not consider himself to be a Committee employee. *Id.* For tax year 1995, he reported his compensation from the Committee to the IRS on "Schedule C as a self-employed individual," and stated that the Committee treated him as a vendor. *Id.* Mr. Fuller further affirmed that he still expects to be paid for his compensation and expenses, that he has made periodic inquiries to the Committee regarding payment, and that he

Fuller Company. Attachment 1 at 4. However, the Committee has not yet paid Mr. Fuller the \$22,000 August 1995 retainer fee and the Committee's 1998 Year-End Report continues to show an outstanding debt of \$22,000 owed to Mr. Fuller. Attachment 3 at 4. Because Mr. Fuller, on behalf of The Fuller Company, made inquiries to the Committee concerning payment of the \$22,000 August 1995 retainer fee, this Office does not believe that The Fuller Company extended credit to the Committee totaling \$22,000 under 11 C.F.R. § 116.3. *See* Attachment 5. Moreover, the Office of General Counsel notes that this retainer fee is not properly included under 11 C.F.R. § 116.5 because the retainer fee is money owed by the Committee to Mr. Fuller; it is not the payment or advance of monies by Mr. Fuller to the Primary Committee for the costs incurred to provide goods and services to the Committee.

⁴ Although the Committee reported the nature of the debt as "consulting," this amount is nearly equal to Mr. Fuller's October 31, 1995 reimbursement request. *Compare* Attachment 1 at 4 with Attachment 4 at 5. The Committee stated in response to the Exit Conference Memorandum that Mr. Fuller "did receive a partial payment" in January 1997, but it did not state the purpose of this payment. Attachment 6 at 6. The Committee paid these expenses to Mr. Fuller, rather than The Fuller Company, notwithstanding the contract language. *See* note 3, *supra*.

considers "not being paid by a campaign committee with a debt as a normal risk a vendor who works for political campaigns takes." *Id.*

Based on the available information, it appears at this time that Mr. Fuller was acting a commercial vendor d/b/a The Fuller Company rather than as an individual when he was providing campaign chairman services to the Committee. *See* 11 C.F.R. § 116.1(c). Although Mr. Fuller did not provide copies of his 1995 Federal tax return during the audit process, the statements contained in his affidavit are consistent with the 1995 IRS tax year sole proprietorship requirements. A "sole proprietorship" is "a business, usually unincorporated, owned and controlled exclusively by one person." *Black's Law Dictionary* 1220 (6th Ed. 1991). It is a "single-owner business and the simplest form of business entity." *The SOHO Guidebook/Financing Sole Proprietorships* (visited January 15, 1999) <http://www.toolkit.cch.com/text/p10_2110.stm>. For tax year 1995, the IRS required individuals who received a profit or loss from a sole proprietorship to report the gross receipts or sales from their respective businesses on IRS Schedule C, an attachment to IRS Form 1040.⁵ 1995 IRS Form 1040, line 12 and 1995 IRS Form Schedule C, Part I, No. 1. For tax year 1995, individuals with sole proprietorships received IRS Form 1099-MISC and reported the amount of gross receipts or sales from their respective businesses on IRS Form 1040 and Schedule C. Schedule C requires a description of the filer's business, including the general field or activity, the type of product or service, and the type of customer or client. Schedule C Instructions at C-1. The information provided by Mr. Fuller in his affidavit regarding his 1995 tax filing appears to

⁵ Corporation taxes are determined on IRS Forms 1120 or Form 1120A. *Business Income - Topic 407* (visited March 23, 1999) <http://www.irs.ustreas.gov/prod/tax_edu/teletax/tc407.html>.

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conform with the 1995 IRS requirements for sole proprietorships. Although IRS rules are not binding or controlling on Commission determinations, it appears that The Fuller Company is a business for Federal tax purposes and should also be considered a business, and hence commercial vendor, for Federal election law purposes. Thus, the Fuller Company is being analyzed under 11 C.F.R. § 116.3 (commercial vendor) rather than under 11 C.F.R. § 116.5 (staff advance).

Based on the available information, it does not appear that The Fuller Company extended credit to the Committee in the ordinary course of its business under terms that are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. 11 C.F.R. § 116.3(a). To date, the Committee and The Fuller Company have provided no information to demonstrate whether The Fuller Company followed its established procedures and its past practice in approving the extension of credit; whether The Fuller Company received prompt payment in full if it previously extended credit to Committee or Governor Wilson; and whether the extension of credit conformed to the usual and normal practice in The Fuller Company's trade or industry.⁶ 11 C.F.R. §§ 116.3(c)(1)-(3). Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that The Fuller Company violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution totaling

⁶ For example, it is not known whether The Fuller Company in its ordinary course of business extends credit for 15-17 months without the receipt of any payment as it appears to have done for the Committee, or whether this period of time conforms to the usual and normal practice in The Fuller Company's trade or industry. See 11 C.F.R. §§ 116.3(a) and (c).

\$29,193 to the Pete Wilson for President Committee, Inc.⁷ The Office of General Counsel also recommends that the Commission find reason to believe that the Pete Wilson for President Committee, Inc. and Renee Croce, as Treasurer, violated 2 U.S.C. § 441a(f) by accepting an excessive contribution totaling \$29,193 from The Fuller Company.

**2. Newcourt Credit Group, Inc.
(formerly d/b/a AT&T Credit Corporation)**

On or about April 25, 1995, AT&T Credit Corporation ("AT&T Credit") sent the Committee a proposal for a telephone system.⁸ Attachment 7 at 5-8. The proposal discussed the financing options available to the Committee as well as various lease terms; the cost of the equipment was \$205,000 plus applicable taxes. *Id.* The proposal stated that if the Committee

⁷ At this time, the Office of General Counsel believes that The Fuller Company is an unincorporated entity. Therefore, this Office cannot recommend reason to believe that The Fuller Company made, and the Committee accepted, a corporate contribution in violation of 2 U.S.C. § 441b.

⁸ In April 1995, AT&T Credit was a subsidiary of AT&T Capital Corporation ("AT&T Capital"), which was originally a wholly owned equipment leasing and finance subsidiary of AT&T Corporation ("AT&T"). *AT&T Capital Press Release* dated October 1, 1996. On July 28, 1993, AT&T Capital became a separate corporate entity, *AT&T Press Release* dated August 2, 1993, which was subsequently acquired by Newcourt Credit Group, Inc. ("Newcourt"), a Canadian corporation. *Newcourt Credit Group Press Release* dated January 8, 1998; *Newcourt Press Release* dated January 12, 1998. Pursuant to this merger, Newcourt established a subsidiary named Newcourt Holdings USA, Inc. ("Newcourt Holdings"), and all shares of AT&T Capital were transferred to Newcourt Holdings. Dun and Bradstreet, Inc. Report of AT&T Capital Corporation dated January 25, 1999. On March 31, 1998, Newcourt merged Newcourt Holdings and Newcourt Credit Group USA, Inc. ("Newcourt Credit USA"), a wholly-owned subsidiary of Newcourt. *Id.* at 4. Accordingly, it appears that AT&T Credit is now part of Newcourt Credit USA. Successor corporations have been held liable for the past acts of its predecessors. *See, e.g., MUR 2575* (Toshiba America Consumer Products, Inc. signed conciliation agreement assuming "all of the assets and liabilities of the activities previously associated" with a former division of Toshiba America, Inc.).

For Federal election law purposes, Newcourt, the parent company of Newcourt Credit USA, appears to be the corporate entity that is legally responsible for the actions of its subsidiary. *See Harry G. Henn and John R. Alexander, Laws of Corporations and Other Business Enterprises* 354-356 (3rd ed. 1983) (a parent corporation and its subsidiary will generally be treated as separate and distinct legal persons unless: (1) the business transactions, property, records, etc. of the parent corporation and the subsidiary are intermingled; (2) the formalities of separate corporate procedures for the parent corporation and the subsidiary are not observed; (3) the subsidiary is inadequately financed as a separate unit in that it is not able to meet its financial obligations for a business of its size and character; (4) the parent corporation and the subsidiary are not held out to the public as separate enterprises; and (5) the policies of the subsidiary are not directed to its own interests but to those of the parent corporation).

agreed to the general terms and conditions of the proposal, the anticipated acceptance date of the phone system was June 1, 1995. *Id.* at 6. However, the proposal stated that it was “subject to the Lessee providing to the Lessor, prior to commencement date, a Letter of Credit in the amount equal to equipment cost.” *Id.* at 7. The proposal stated

this proposal should not be construed as a commitment by AT&T Credit Corporation. Such a commitment requires formal credit review and approval by AT&T Credit Corporation and the execution of a mutually acceptable lease agreement and other related documents. The lease agreement and other related documents, not this proposal, will set forth the agreement between the parties.

Id. On May 8, 1995, the Committee, as demonstrated by the signature of its campaign chairman, accepted and agreed to the proposal’s general terms and conditions. *Id.* at 8.

On May 12, 1995, AT&T Credit sent the Committee a *Master Equipment Lease Agreement*; a *Master Equipment Lease Agreement Schedule*; instructions regarding a letter of credit; billing information; an insurance request form; and a “UCC 1” form. *Id.* at 9. The May 12th letter also requested that the Committee send a \$12,351.68 check to AT&T Credit for advance rent. *Id.*

On May 17, 1995, a Committee representative signed the *Master Equipment Lease Agreement* and the *Master Equipment Lease Agreement Schedule* (collectively “the Lease Documents”) in addition to the other applicable forms. Attachments 7 at 15-16 and 8 at 5. The total cost of the telephone system as stated in the Lease Documents was \$213,364.12. Attachment 8 at 5. The Committee’s records indicate that it did not give AT&T Credit the

However, to avoid confusion, this Report refers to AT&T Credit, rather than Newcourt or Newcourt Credit USA, as the corporate entity involved in the telephone system transaction with the Committee.

“majority of these documents until the end of June for a variety of reasons,” and such documents did not include a letter of credit. Attachment 7 at 15.

On June 28, 1995, the Committee gave AT&T Credit two \$12,351.68 checks dated May 28, 1995 and June 27, 1995, respectively, which were intended to reflect the Committee’s May and June lease payments. Attachments 7 at 15-16 and 8 at 1, 12-13. The Committee “failed to make lease payments in August and September due to financial difficulties.” Attachment 6 at 11.

This Office has reviewed a number of documents obtained during the audit of the Committee that pertain to the telephone system transaction with AT&T Credit, including a memorandum dated August 21, 1995 from A. Peter Kezirian, Jr., the Committee’s counsel, to Mark G. Hoglund, the Committee’s Director of Admissions, regarding “AT&T Lease Obligations.” Attachment 7 at 15-16. According to Mr. Kezirian, representatives of AT&T Credit and the Committee met on June 19, 1995 to discuss the telephone system. *Id.* at 10, 15. At this meeting, AT&T Credit representatives “stressed the need for the Letter of Credit.” *Id.* at 15. In July 1995, representatives of the Committee and AT&T Credit again discussed the need for a letter of credit.⁹ *Id.* Mr. Kezirian indicated that AT&T Credit had rejected a request from the Committee to provide “a different Letter of Credit instrument” because “AT&T felt

⁹ Based on Mr. Kezirian’s August 21, 1995 memorandum, he had infrequent contacts with AT&T Credit representatives and rarely initiated any conversations with AT&T Credit representatives. *Id.*

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compelled to treat all campaigns equally and [was] uncomfortable with the idea of making special arrangements for the Committee.”¹⁰ *Id.*

According to Mr. Kezirian, an AT&T Credit representative had contacted a Committee representative again on August 8, 1995 to inquire about the letter of credit. *Id.* The AT&T Credit representative had stated that “the Letter of Credit was an essential part of the Lease” and “reaffirmed the fact that AT&T could not process any of the Committee’s payments until all [of] the transaction documents were complete.” *Id.* Mr. Kezirian noted to the AT&T Credit representative that the Committee was working with its bank to obtain a letter of credit. *Id.* at 15-16. Finally, the memorandum indicated that on August 15, 1995, the Committee informed AT&T Credit that no “new information” had developed since August 8, 1995. *Id.* at 16.

On or about October 10, 1995, AT&T Credit sent a letter to Committee counsel enclosing three uncashed checks from the Committee, including the intended May and June lease payments, that AT&T Credit had “held in anticipation of a Letter of Credit to support funding of [the Committee’s] lease of telecommunications equipment from AT&T.” Attachment 1 at 10. On February 9, 1996, approximately four months later, the Committee issued a check to AT&T Credit for \$213,365.¹¹ Attachment 1 at 10.

During the audit process, the Committee stated that “it is the normal course of business for a telephone company to install a telecommunications system and secure the service contracts

¹⁰ Although the Committee still had “not received approval from [its] bank” by July 1995, Mr. Kezirian noted that the AT&T Credit representative told the Committee representative “that it was willing to wait until [the Committee] secured a Letter of Credit from [its] bank.” Attachment 7 at 15.

¹¹ The Committee stated that it “had to warehouse the [telephone system] equipment until a financial solution was found; it did not use the equipment.” Attachment 6 at 10.

before finalizing all of the credit and contract terms of such a sale or lease.” Attachment 6 at 7. The Committee stated that due to the volume of telephone service billings it had with AT&T, the “[telephone] service agreements are of significantly greater value to a telephone company than [] equipment sales In other words, in order to obtain the lucrative business of providing the service itself, a telephone company may, as happened here, offer ‘deals’ and flexibility on payment for the equipment.”¹² *Id.* at 8.

The Committee stated that AT&T Credit “bundled” loans from customers and sold them in financial markets at a discount for financial reasons when all required elements were satisfied.¹³ *Id.* The Committee noted, however, that AT&T Credit could not “bundle” a loan for sale if it was missing a required element. *Id.* Although the Committee did not identify all of the required elements that AT&T Credit needed to “bundle” loans for resale, one required element appears to have been an executed *Master Lease Agreement* between AT&T Credit and the Committee. *Id.* at 9. The Committee stated that because AT&T Credit wanted to “maintain the option of reselling the loan,” it was willing to hold the Committee’s payments for May, June and July 1995 until the *Master Lease Agreement* was completed. *Id.* at 9-10. The Committee believed that AT&T Credit was treating it “as it treated its other business clients” and that AT&T Credit’s treatment of its loan “was a normal business decision by AT&T Credit that had nothing to do with the operations of the [] Committee.” *Id.* at 9, 10. AT&T Credit did not sell the

¹² Although the Committee chose AT&T as its telephone service provider, the terms of the Lease Documents did not require the Committee to do so. See Attachment 8 at 3-5. In mid-October 1995, AT&T terminated its telephone service arrangements with the Committee. Attachment 6 at 10.

¹³ Prior to learning about the loan “bundling” process from AT&T Credit, the Committee stated that it did not understand why AT&T Credit failed to deposit the lease payments it made. Attachment 6 at 9.

Committee's loan; it received \$213,365 from the Committee on February 9, 1996.¹⁴ Attachments 1 at 10 and 6 at 9.

The Committee also provided to the Commission a July 17, 1997 letter from Ellis L. Kitchen, Special Accounts Director for AT&T, purporting to explain the telephone system transaction. Attachment 9. Mr. Kitchen stated that his organization "had the responsibility within AT&T to market our products and services to political campaigns." *Id.* at 1. He noted that a telephone system proposal was tendered to the Committee on April 16, 1995, and that on May 2, 1995, the Committee confirmed in writing that it intended to purchase the telephone system described in the proposal. *Id.* Mr. Kitchen stated that AT&T Capital Corporation submitted to the Committee the telephone system's financing terms and conditions on April 25, 1995, which the Committee accepted on May 8, 1995. *Id.* Mr. Kitchen stated that he "considered AT&T had an enforceable contract with the [C]ommittee for purchase of the system [on May 8, 1995]," which was installed in June 1995. *Id.* Mr. Kitchen further stated that "[c]ompletion of this phase of installation is the point in time when customers take title to the equipment." *Id.* Although his records were incomplete, he stated that the telephone system was modified to add more capacity on a regular basis until the fall of 1995 which "typically happens." *Id.* Soon after Governor Wilson withdrew from the campaign on September 29, 1995, Mr. Kitchen "instructed [his] organization to institute aggressive collection

¹⁴ The Committee states that because AT&T Credit did not receive full payment for the telephone system until February 1996, "[t]hat probably made this equipment agreement more profitable for ATT since it received the full amount of the sale instead of the discounted or reduced portion it would have received if ATT Credit had sold the loan sooner." Attachment 6 at 9. The Committee also states that it "actually paid ATT Credit a greater amount than specified in the Master Lease Agreement." *Id.* at 10.

procedures to insure full payment to AT&T for the system." *Id.* at 2. AT&T received \$236,709.48 in January 1996 which Mr. Kitchen considered "full payment." *Id.*

AT&T Credit is an incorporated commercial vendor who provided the Committee with telephone equipment, and whose usual and normal business involves the leasing and financing of telecommunications equipment. Dun and Bradstreet, Inc. Report of AT&T Capital Corporation dated January 25, 1999. It appears that AT&T Credit allowed the Committee use of the telephone system for approximately four months (June 1995 through October 1995), and quite possibly close to eight months (June 1995 through February 1996), without requiring the Committee to pay for it.¹⁵

Although AT&T Credit was permitted to extend credit to the Committee, it does not appear that it extended credit to the Committee under terms that were substantially similar to extensions of credit to nonpolitical debtors that were of similar risk and size of obligation.¹⁶ 11 C.F.R. §§ 100.7(a)(4) and 116.3(a) and (c). For example, it appears that the established business practice of AT&T Credit required a signed lease agreement and lease agreement schedule from lessees prior to them leasing and financing telecommunications equipment. *See Attachment 7 at 7* ("a commitment requires . . . the execution of a mutually acceptable lease agreement and other related documents"). AT&T Credit's established business practice also appears to have required a signed contract between the parties that set forth in detail the terms of

¹⁵ See note 11, *supra*.

¹⁶ Although the Committee refers to the "bundling" of loans by AT&T Credit, AT&T Credit itself has not provided any information to date that describes this practice and whether it is part of its established business practice. Moreover, the Committee's belief with respect to its business relationship with AT&T Credit is irrelevant in determining whether AT&T Credit extended credit to the Committee.

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the agreement between them. *Id.* ("The lease agreement and other related documents . . . will set forth the agreement between the parties"). Additionally, AT&T Credit's established business practice appears to have required lessees to provide a letter of credit prior to the leasing and financing commencement date. *Id.* ("This proposal is subject to the Lessee providing to the Lessor, prior to commencement date, a Letter of Credit in the amount equal to the equipment cost. The Letter of Credit shall be drawn against a bank that is acceptable to the Lessor and shall be good for the full term of the lessee or until all payments are made to the Lessor."). Finally, AT&T Credit's established business practice also appears to have required a formal credit review of a potential lessee. *Id.* ("... a commitment requires formal credit review . . .").

AT&T did not follow any of these business practices in its dealings with the Committee. AT&T Credit did not sign the Lease Documents. Additionally, although the Committee signed the AT&T Credit proposal on May 8, 1995, it never provided AT&T Credit with a letter of credit. Moreover, AT&T Credit permitted the Committee to use the telephone system despite its usual requirement for a letter of credit. Finally, it is not clear whether AT&T Credit even conducted a credit review of the Committee. *Id.* at 5-8.

To date, AT&T Credit and the Committee have provided no information indicating that other lessees were permitted use of telephone systems under similar circumstances. *See* 11 C.F.R. § 116.3(c)(1). Nor has AT&T Credit or the Committee provided information demonstrating that the circumstances pertaining to the extension of the credit between the parties conformed to the usual and normal practice for commercial vendors engaged in the leasing and

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financing of telecommunications equipment in 1995.¹⁷ See 11 C.F.R. § 116.1(c)(3). For example, it is not known whether other telecommunication equipment vendors retain checks for lessee payments indefinitely without cashing them or whether other vendors permit lessees to retain equipment once the lessees fail to make scheduled lease payments. As a result, it appears that AT&T Credit made, and the Committee accepted, a prohibited contribution totaling \$213,364.12 in violation of 2 U.S.C. § 441b(a).

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Newcourt Credit Group, Inc. (formerly d/b/a AT&T Credit Corporation) violated 2 U.S.C. § 441b(a) by making a prohibited contribution totaling \$213,365 to the Pete Wilson for President Committee, Inc.¹⁸ The Office of General Counsel also recommends that the Commission find reason to believe that the Pete Wilson for President Committee, Inc. and Renee Croce, as Treasurer, violated 2 U.S.C. § 441b(a) by accepting a prohibited contribution totaling \$213,365 from Newcourt Credit Group, Inc. (formerly d/b/a/ AT&T Credit Corporation).

III. PLAN FOR FURTHER INVESTIGATION

The Office of General Counsel recommends that the Commission approve the attached subpoenas and orders to submit written answers from The Fuller Company, Craig Fuller, and the Newcourt Credit Group, Inc. (formerly d/b/a AT&T Credit Corporation). The attached subpoenas and orders for The Fuller Company and Mr. Fuller seek information as to whether The

¹⁷ Although the Committee paid AT&T Credit \$213,365 on February 9, 1996, the total amount due as stated in the Lease Documents, the parties have provided no information to date demonstrating that AT&T Credit had previously provided credit to the Committee or that this amount was the total to be paid for the telephone equipment. See 11 C.F.R. § 116.3(c)(2).

Fuller Company is a commercial vendor and whether it extended credit to the Committee in the ordinary course of its business. The attached subpoena and order for the Newcourt Credit Group, Inc. (formerly d/b/a/ AT&T Credit Corporation) seeks information about the telephone system and whether AT&T Credit extended credit to the Committee with respect to the telephone system in the ordinary course of its business.

IV. RECOMMENDATIONS

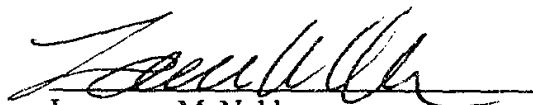
1. Find reason to believe that The Fuller Company violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to the Pete Wilson for President Committee, Inc.;
2. Find reason to believe that the Pete Wilson for President Committee, Inc., and Renee Croce, as Treasurer, violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from The Fuller Company;
3. Find reason to believe that Newcourt Credit Group, Inc. (formerly d/b/a/ AT&T Credit Corporation) violated 2 U.S.C. § 441b(a) by making a prohibited contribution to the Pete Wilson for President Committee, Inc.;
4. Find reason to believe that the Pete Wilson for President Committee, Inc., and Renee Croce, as Treasurer, violated 2 U.S.C. § 441b(a) by accepting a prohibited contribution from Newcourt Credit Group, Inc. (formerly d/b/a AT&T Credit Corporation);
5. Approve the attached factual and legal analyses;
6. Approve the attached subpoenas and orders to submit written answers; and
7. Approve the appropriate letters.

¹⁸ Because AT&T Credit was the corporate entity who extended credit at the time of the telephone system, the Office of General Counsel does not believe that Newcourt Credit Group, Inc., a Canadian corporation, made a prohibited contribution pursuant to 2 U.S.C. § 441e.

2023 "E6E" 40 "66
99 "04" 393 "2782

Date

6/16/99



Lawrence M. Noble
General Counsel

Attachments

1. Referral of the Audit Division dated September 26, 1997.
2. Contract between the Pete Wilson for President Committee, Inc. and The Fuller Company dated May 1, 1995.
3. 1998 October Quarterly Report filed by the Pete Wilson for President Committee, Inc. dated October 15, 1998.
4. 1997 April Quarterly Report filed by the Pete Wilson for President Committee, Inc. dated April 15, 1997.
5. Affidavit of Craig Fuller dated January 17, 1997.
6. Committee response to the Exit Conference Memorandum of the Audit Division dated January 19, 1997.
7. Committee response to an Office of General Counsel request for additional information in support of the Committee's March 3, 1997 Request for Additional Matching Funds dated July 17, 1997.
8. Committee letter to AT&T Credit Corporation dated June 28, 1995
9. Letter from Ellis L. Kitchen to Benjamin L. Ginsberg dated July 17, 1997.
10. Proposed Factual and Legal Analysis to Pete Wilson for President Committee, Inc.
11. Proposed Factual and Legal Analysis to The Fuller Company.
12. Proposed Factual and Legal Analysis to Newcourt Credit Group, Inc. (formerly d/b/a AT&T Credit Corporation).
13. Proposed Subpoena to Produce Documents and Order to Submit Written Answers to Craig Fuller.
14. Proposed Subpoena to Produce Documents to The Fuller Company.
15. Proposed Subpoena to Produce Documents and Order to Submit Written Answers to Newcourt Credit Group, Inc. (formerly d/b/a AT&T Credit Corporation).

99.04.393.2783

AN AGREEMENT

between the

THE PETE WILSON FOR PRESIDENT COMMITTEE, INC.

and

THE FULLER COMPANY

ARTICLE 1

The Parties

This Agreement is entered into as of May 1, 1995 by and between The Pete Wilson for President Committee, Inc. (hereinafter the "Committee"), a corporation with its principal address at 1020 12th Street, Suite 300, Sacramento, California 95814 and The Fuller Company (hereinafter "Vendor"), a corporation with its principal place of business at 8516 Old Dominion Drive, McLean, Virginia, 22102.

ARTICLE 2

Purpose

WHEREAS, Vendor is in the business of, among other things, providing strategic advice and counsel and,

WHEREAS, the Committee desires to retain Vendor for such purposes as acquiring such professional services in regard to those matters in which Vendor is expert,

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereby agree as follows:

ARTICLE 3

Duties of Vendor

3.01 Vendor agrees that its sole representative for purposes of performance of the obligations under this Agreement shall be Craig L. Fuller.

3.02 Vendor agrees to serve as the Campaign Chairman for the Committee, providing his services nationwide as specified by the Committee.

ATTACHMENT 2

Page 1 of 5

ARTICLE 4
Duties of the Committee

4.01 The Committee agrees to retain Vendor as its Chairman for the 1995-96 Presidential Primary and further agrees to pay Vendor in accordance with Section 5 of this Agreement.

4.02 The Committee agrees that for purposes of acceptance of Vendor's performance under this Agreement, its sole representatives shall solely be Pete Wilson.

ARTICLE 5
Financial: Fees, Expenses, Taxes

5.01 For performance of those duties set forth in this Agreement, the Committee agrees to pay Vendor the monthly retainer fee of \$22,000 (twenty-two thousand dollars). This compensation will be paid on or before the first day of each month without deduction for social security, federal or state taxes for the duration of this Agreement beginning May 1, 1995.

5.02 Vendor agrees to obtain prior approval from the Committee for all travel and other expenses incurred in the performance of this Agreement. The Committee will reimburse Vendor for all travel and other expenses incurred under this Agreement. The Committee will not reimburse Vendor for first class or business class air travel.

5.03 Authorized expenses shall be invoiced at cost and without markup to the Committee. All expenses incurred by Vendor will be reimbursed within thirty (30) days of receipt by the Committee

5.04 Vendor agrees that it will not obligate the Committee without prior written approval. Vendor further agrees it does not have the authority to contract on behalf of the Committee without specific written authority from the Committee.

5.05 As an independent contractor to the Committee, Vendor agrees to assume exclusive liability for any and all taxes, assessments, levies or fines which may be paid or deemed owed by Vendor, or to any employee(s) or contractor(s) of Vendor, as a result of performance of this Agreement.

ARTICLE 6
Confidentiality, Other Employment

6.01 All matters between the parties, including the provisions of this Agreement, are confidential and shall not be transferred, communicated or delivered to a third party, whether or not for compensation, without the express prior written authorization of the Committee or as required by law.

6.02 Under the terms of this Agreement, Vendor is prohibited from entering into any other agreement, either oral or written, with any other campaign or organization tied to or connected to, whether directly or indirectly with any declared or undeclared candidate for the offices of President or Vice President of the United States without the written consent of the Committee.

6.03 The parties agree that, except as provided above in Section 6.02, this Agreement in no way limits Vendor's ability to enter into contracts with other parties. Vendor hereby agrees that no work will be performed under this Agreement for entities who are under separate contract with Vendor.

ARTICLE 7
Ownership of Materials

7.01 The Committee retains and reserves all rights of ownership and use of the final product and any facsimile of the same. Vendor shall not make use of the final product or any portion thereof without the express prior written authorization of the Committee, including, but not limited to: client advertising, client list and product advertising.

ARTICLE 8
Committee Liability

8.01 The Committee is incorporated under the laws of the State of California. The staff members, officers, employees, and agents of the Committee shall not be personally liable for any debt, liability, or obligation of the Committee. All persons, corporations or other entities extending credit to, contracting with, or having any claim against the Committee, may look only to the funds and property of the Committee for payment of any such contract or claim or for the payment of any debt, damages, judgment or decree or any money that may otherwise become due or payable to them from the Committee.

ARTICLE 9
Termination

9.01 The Agreement shall terminate on April 1, 1996. The Committee retains the right to terminate this Agreement with fifteen (15) days written notice. Vendor has the right to terminate this Agreement upon 60 days notice except that the provisions in Article 6 shall survive until November 15, 1996.

9.02 In the event of such termination, after payment of all compensation and repayment of all reasonable and properly approved expenses incurred through the fifteenth day subsequent to receipt of such written notice, no further liability or any liquidated damages for such termination shall attach to the Committee.

ATTACHMENT 2
Page 3 of 5

9.03 All disputes over the terms of this Agreement and/or costs incurred thereunder that are not resolved in a reasonable time by the parties, shall be submitted to, and settled by, an arbitrator licensed by the American Arbitration Association. The prevailing party shall be entitled to recover from the losing party reasonable attorney fees and costs of arbitration.

ARTICLE 10
Merger

10.01 This Agreement memorializes the full terms and conditions of the agreement between the undersigned parties. All previous agreements by and between the parties, whether written or oral, are merged herein and superseded hereby. The terms set forth herein constitute the full and complete agreement between the parties, and any modification thereto must be agreed to by all parties, set forth in writing, and signed by all parties.

10.02 Notwithstanding any other provision of this Agreement, this Agreement shall be binding upon and apply to any successors or assigns of either party hereto. Vendor may not assign its rights and obligations under this Agreement without the express written consent of the Committee.

ARTICLE 11
Miscellaneous

11.01 Good Faith: The undersigned parties jointly and severally agree to execute the terms and conditions of this Agreement in good faith and to the best of their ability.

11.02 Counterparts: This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

11.03 Governing Law: This Agreement shall be governed by the laws of the State of California (regardless of the laws that might otherwise govern under applicable principles of the

conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies.

- 1) 11.04 Severability: Any provision of this Agreement that is found to be prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability, without affecting the validity and enforceability of the remaining provisions of this Agreement.


IN WITNESS WHEREOF, the parties hereto have read and fully understand the foregoing and it is their intent to be bound by the terms and conditions hereof. Each party or the authorized representative of each party has duly executed this Agreement as of the date first written above:

The Fuller Company

By: 

Name: Craig L. Fuller
Title: President

Pete Wilson for President Committee, Inc.

By: 

Name: Mary H. Hayes
Title: Treasurer

ATTACHMENT 2
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FEC FORM 3P, Page 1
 Federal Election Commission
 909 S Street, N.W.
 Washington, D.C. 20483

**REPORT OF RECEIPTS AND DISBURSEMENTS
 BY AN AUTHORIZED COMMITTEE OF A
 CANDIDATE FOR THE OFFICE OF PRESIDENT**

RECEIVED
 FEDERAL ELECTION
 COMMISSION
 FEB 3 11 28 AM '99

NOTE: This report is to be used by an authorized committee of a candidate seeking nomination or election to the Office of President or Vice President of the United States whether or not public funds are used.

USE FEC NUMBER LABEL OR TYPE OF PARTY	1. NAME OF COMMITTEE (in full) Pete Wilson for President Committee, Inc.	2. IDENTIFICATION NUMBER C00301978
	ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported 228 S. Washington St., Ste. 200	3. IS THIS REPORT OF RECEIPTS AND DISBURSEMENTS FOR: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General
	CITY, STATE and ZIP CODE Alexandria, VA 22314	
4. TYPE OF REPORT (If "X" appropriate, date and complete, if applicable)		5. TYPE OF ELECTION
<input type="checkbox"/> Amendment for (Report) <input type="checkbox"/> Monthly Report (month) <input checked="" type="checkbox"/> April 15 Quarterly Report <input checked="" type="checkbox"/> January 31 Year-end Report <input type="checkbox"/> July 15 Quarterly Report <input type="checkbox"/> Termination Report <input type="checkbox"/> October 15 Quarterly Report		<input type="checkbox"/> Twelfth Day Before Election <input type="checkbox"/> Thirtieth Day After Election STATE: _____ ELECTION DATE: _____
COMMITTEE SUMMARY OF RECEIPTS AND DISBURSEMENTS		
6. COVERING PERIOD FROM 10/1/98 THROUGH 12/31/98		
SUMMARY	8. CASH ON HAND AT BEGINNING OF THE REPORTING PERIOD	107,953.85
	7. TOTAL RECEIPTS THIS PERIOD (From Line 22 Column A)	12,567.50
	8. SUBTOTAL (Add Line 6 and 7)	120,521.35
	9. TOTAL DISBURSEMENTS THIS PERIOD (From Line 30 Column A)	8,613.47
	10. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (Subtract Line 9 from 8)	111,907.88
	11. DEBTS AND OBLIGATIONS OWED TO THE COMMITTEE (Itemize All on Schedule C or Schedule D)	149,435.00
	12. DEBTS AND OBLIGATIONS OWED BY THE COMMITTEE (Itemize All on Schedule C or Schedule D)	347,691.12
	13. EXPENDITURES SUBJECT TO LIMITATION (From FEC Form 3P, Page 4)	8,734,252.57
NET YEAR-TO-DATE CONTRIBUTIONS AND EXPENDITURES	14. NET CONTRIBUTIONS (Other than Loans) (Subtract Line 28d Column B from 17e Column B)	126,988.00
	15. NET OPERATING EXPENDITURES (Subtract Line 20a Column B from 23 Column B)	68,663.47
I certify that I have examined this report and to the best of my knowledge and belief it is true, correct and complete.		For further information, contact: Federal Election Commission Toll Free 800-424-9530 Local 378-3120
TYPE OR PRINT NAME OF TREASURER Lisa R. Linker, Assistant Treasurer		
SIGNATURE OF TREASURER <i>Lisa R. Linker</i>	DATE 1/22/99	
NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. § 437f. All previous editions of FEC Form 3P are obsolete and should no longer be used.		FEC FORM 3P (2/93)

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DETAILED SUMMARY OF RECEIPTS AND DISBURSEMENTS (Page 2, FEC FORM 3P)

NAME OF COMMITTEE OR FEIL Pete Wilson for President Committee, Inc.	REPORT COVERING THE PERIOD From 10/1/98 Through 12/31/98	
	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
I. RECEIPTS		
16. FEDERAL FUNDS (Include on Schedule A-P1)		
17. CONTRIBUTIONS (Other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees	10,550.00	120,498.00
(b) Political Party Committees		
(c) Other Political Committees	1,700.00	12,900.00
(d) The Candidate		
(e) TOTAL CONTRIBUTIONS (Other than loans) (Add 17(a), 17(b), 17(c) and 17(d))	12,250.00	133,398.00
18. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES		
19. LOANS RECEIVED:		
(a) Loans Received From or Guaranteed by Candidates		
(b) Other Loans		
(c) TOTAL LOANS (Add 19(a) and 19(b))		
20. OFFSETS TO EXPENDITURES (Refunds, Rebates, etc.):		
(a) Operating		322.19
(b) Fundraising		
(c) Legal and Accounting		322.19
(d) TOTAL OFFSETS TO EXPENDITURES (Add 20(a), 20(b) and 20(c))		644.38
21. OTHER RECEIPTS (Donations, Interest, etc.)	317.50	317.50
22. TOTAL RECEIPTS (Add 16, 17(e), 18, 19(a), 20(d) and 21)	12,567.50	134,037.69
II. DISBURSEMENTS		
23. OPERATING EXPENDITURES	7,613.47	68,285.66
24. TRANSFERS TO OTHER AUTHORIZED COMMITTEES		
25. FUNDRAISING DISBURSEMENTS		
26. EXEMPT LEGAL AND ACCOUNTING DISBURSEMENTS		
27. LOAN REPAYMENTS MADE:		
(a) Repayments of Loans Made or Guaranteed by Candidates		
(b) Other Repayments		
(c) TOTAL LOAN REPAYMENTS MADE (Add 27(a) and 27(b))		
28. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees	1,000.00	6,410.00
(b) Political Party Committees		
(c) Other Political Committees		
(d) TOTAL CONTRIBUTION REFUNDS (Add 28(a), 28(b) and 28(c))	1,000.00	6,410.00
29. OTHER DISBURSEMENTS		
30. TOTAL DISBURSEMENTS (Add 23, 24, 25, 26, 27(c), 28(d) and 29)	8,613.47	75,395.66
III. CONTRIBUTED ITEMS (Bank, Art Object, Etc.)		
31. ITEMS ON HAND TO BE LIQUIDATED (Assets List)		

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SCHEDULE D-P

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

**DEBTS AND OBLIGATIONS
EXCLUDING LOANS**

Use separate schedules for each category of the general category code.

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LINE NUMBER

OF Total pages
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NAME OF COMMITTEE (or Full Name of Debtor or Creditor)	OUTSTANDING BALANCE BEGINNING THIS PERIOD	DATE AND AMOUNT INCLUDED THIS PERIOD	PAYMENT THIS PERIOD	OUTSTANDING BALANCE AT CLOSE OF THIS PERIOD
PETE WILSON FOR PRESIDENT COMMITTEE, INC				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T P.O. Box 78223 Phoenix, AZ 85062-8223	33.84	0.00	0.00	33.84
Nature of Debt (Purpose): Telephone Expense				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T P.O. Box 8204 Fox Valley, IL 60572-8204	6,038.17	0.00	0.00	6,038.17
Nature of Debt (Purpose): Telephone Expense				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T Teleconference Services Drawer 8641571, P.O. Box 64000 Detroit, MI 48264-1571	5,344.23	0.00	0.00	5,344.23
Nature of Debt (Purpose): Meeting Expense				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T-Lucant Technologies P.O. Box 27-5785 Kansas City, MO 64184-5785	5,746.37	0.00	0.00	5,746.37
Nature of Debt (Purpose): Furniture/Equipment Purchase				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor Action Research P.O. Box 510048 Melbourne Beach, FL 32951-0048	33,418.79	0.00	0.00	33,418.79
Nature of Debt (Purpose): Research				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor Alexa Valsich 1525 8th Avenue Sacramento, CA 95816	7,387.68	0.00	0.00	7,387.68
Nature of Debt (Purpose): Consulting				
1) SUBTOTALS This Period This Page (optional)				857,789.17
2) TOTAL This Period (last page this line only)				
3) TOTAL OUTSTANDING LOANS from Schedule C-P (last page only)				
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				

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SCHEDULE D-P

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

**DEBTS AND OBLIGATIONS
EXCLUDING LOANS**

Use separate schedule for each category of the detailed activity code.

PAGE 2

OF Total pages

LINE NUMBER

12

NAME OF COMMITTEE OR FULL	OUTSTANDING BALANCE BEGINNING THIS PERIOD	DATE AND AMOUNT INCLUDED THIS PERIOD	PAYMENT THIS PERIOD	OUTSTANDING BALANCE AT CLOSE OF THIS PERIOD
PETE WILSON FOR PRESIDENT COMMITTEE, INC				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor Alexander Company 1816 1/2 Orange Street Alexandria, VA 22314	19,000.00	0.00	0.00	19,000.00
Nature of Debt (Purpose): Consulting				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor Americare International Inc. 4023 W. Century Boulevard Los Angeles, CA 90043	21,730.94	0.00	0.00	21,730.94
Nature of Debt (Purpose): Travel & Subsistence				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor Baron-Harsteller Drawer CS 198153 Atlanta, GA 30384-9153	500.00	0.00	0.00	500.00
Nature of Debt (Purpose): Consulting				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor Campaign Facts, Inc. 1160 Connecticut Avenue, NW, 4th floor Washington, DC 20036-4001	16,771.95	0.00	0.00	16,771.95
Nature of Debt (Purpose): Consulting				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor Craig Fuller 8514 Old Dominion Drive McLean, VA 22102	22,000.00	0.00	0.00	22,000.00
Nature of Debt (Purpose): Consulting				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor Craig Smith 5220 S. Marine Pacifica Drive, Apt. 818 Long Beach, CA 90803	4,000.00	0.00	0.00	4,000.00
Nature of Debt (Purpose): Consulting				
1) SUBTOTALS This Period This Page (optional)				675,062.00
2) TOTAL This Period (last page this line only)				
3) TOTAL OUTSTANDING LOANS from Schedule C-P (last page only)				
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				

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Federal Election Commission	
ENVELOPE REPLACEMENT PAGE FOR INCOMING DOCUMENTS	
The Commission has added this page to the end of this filing to indicate how it was received.	
<input type="checkbox"/> Hand Delivered	Date of Receipt
<input type="checkbox"/> First Class Mail	POSTMARKED
<input checked="" type="checkbox"/> Registered/Certified Mail	POSTMARKED 1/29/99
<input type="checkbox"/> No Postmark	
<input type="checkbox"/> Postmark Illegible	
<input type="checkbox"/> Received from the House office of Records and Registration	Date of Receipt
<input type="checkbox"/> Received from the Senate Office of Public Records	Date of Receipt
<input type="checkbox"/> Other (Specify):	Postmarked and/or Date of Receipt
<input type="checkbox"/> Electronic Filing	
D. A. CO. PREPARER	2/3/99 DATE PREPARED

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FEC FORM 3P, Page 1
Federal Election Commission
389 F Street, N.W.
Washington, D.C. 20483

REPORT OF RECEIPTS AND DISBURSEMENTS
BY AN AUTHORIZED COMMITTEE OF A
CANDIDATE FOR THE OFFICE OF PRESIDENT

62...
12 35 11 21

NOTE: This report is to be used by an authorized committee of a candidate seeking nomination or election to the Office of President or Vice President of the United States whether or not public funds are used.

USE FEC MAILING LABEL TYPE OR PRINT NAME OF TREASURER	1. NAME OF COMMITTEE (in full) Pete Wilson for President Committee, Inc. ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported 228 S. Washington Street, Suite 200 CITY, STATE and ZIP CODE Alexandria, VA 22314	2. IDENTIFICATION NUMBER C00301978
	3. IS THIS REPORT OF RECEIPTS AND DISBURSEMENTS FOR: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General	4. TYPE OF REPORT ("X" appropriate box and complete, if applicable) <input type="checkbox"/> Amendment for Report <input type="checkbox"/> Monthly Report (month) <input checked="" type="checkbox"/> April 15 Quarterly Report <input type="checkbox"/> January 31 Year-end Report <input type="checkbox"/> July 15 Quarterly Report <input type="checkbox"/> Termination Report <input type="checkbox"/> October 15 Quarterly Report
	5. COVERING PERIOD FROM January 1, 1997 THROUGH March 31, 1997	6. TYPE OF ELECTION STATE: ELECTION DATE:

COMMITTEE SUMMARY OF RECEIPTS AND DISBURSEMENTS		
SUMMARY	8. CASH ON HAND AT BEGINNING OF THE REPORTING PERIOD	350,653.62
	7. TOTAL RECEIPTS THIS PERIOD (From Line 22 Column A)	16,890.17
	8. SUBTOTAL (Add Line 6 and 7)	367,543.79
	9. TOTAL DISBURSEMENTS THIS PERIOD (From Line 30 Column A)	282,984.23
	10. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (Subtract Line 9 from 8)	84,559.56
	11. DEBTS AND OBLIGATIONS OWED TO THE COMMITTEE (Itemize All on Schedule C or Schedule D)	0.00
	12. DEBTS AND OBLIGATIONS OWED BY THE COMMITTEE (Itemize All on Schedule C or Schedule D)	318,300.23
	13. EXPENDITURES SUBJECT TO LIMITATION (From FEC Form 3P, Page 4)	3,514,302.92
NET YEAR-TO-DATE CONTRIBUTIONS AND EXPENDITURES	14. NET CONTRIBUTIONS (Other than Loans) (Subtract Line 20d Column B from 17a Column B)	(3,495.00)
	15. NET OPERATING EXPENDITURES (Subtract Line 20a Column B from 23 Column B)	237,900.28

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

SIGNATURE OF TREASURER: Lisa R. Lieker, Assistant Treasurer
DATE: 4/15/97

For further information, CONTACT: Federal Election Commission
Toll Free 800-434-6530
Local 378-3120

NOTE: Substitutions of form, omissions, or incorrect information may subject the person signing this Report to the penalties of 2 U.S.C. § 437g.
All previous versions of FEC Form 3P are obsolete and should no longer be used.

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DETAILED SUMMARY OF RECEIPTS AND DISBURSEMENTS
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NAME OF COMMITTEE (in full)	REPORT COVERING THE PERIOD:		
	From	Through	
Pete Wilson for President Committee, Inc.	1/1/97	3/31/97	
	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date	
I. RECEIPTS			
16. FEDERAL FUNDS (Include on Schedule A-P)			16
17. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committee	14,680.00	14,680.00	17(a)
(b) Political Party Committees	700.00	700.00	17(b)
(c) Other Political Committee			17(c)
(d) The Candidate			17(d)
(e) TOTAL CONTRIBUTIONS (other than loans) (Add 17(a), 17(b), 17(c) and 17(d))	15,380.00	15,380.00	17(e)
18. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES			18
19. LOANS RECEIVED:			
(a) Loans Received From or Guaranteed by Candidate			19(a)
(b) Other Loans			19(b)
(c) TOTAL LOANS (Add 19(a) and 19(b))			19(c)
20. OFFSETS TO EXPENDITURES (Refunds, Returns, etc.):			
(a) Operating	843.43	843.43	20(a)
(b) Fundraising	666.74	666.74	20(b)
(c) Legal and Accounting			20(c)
(d) TOTAL OFFSETS TO EXPENDITURES (Add 20(a), 20(b) and 20(c))	1,510.17	1,510.17	20(d)
21. OTHER RECEIPTS (Dividends, Interest, etc.)			21
22. TOTAL RECEIPTS (Add 16, 17(e), 18, 19(c), 20(d) and 21)	16,890.17	16,890.17	22
II. DISBURSEMENTS			
23. OPERATING EXPENDITURES	238,743.71	238,743.71	23
24. TRANSFERS TO OTHER AUTHORIZED COMMITTEES	13,425.00	13,425.00	24
25. FUNDRAISING DISBURSEMENTS	11,940.52	11,940.52	25
26. EXEMPT LEGAL AND ACCOUNTING DISBURSEMENTS			26
27. LOAN REPAYMENTS MADE:			
(a) Repayments of Loans Made or Guaranteed by Candidate			27(a)
(b) Other Repayments			27(b)
(c) TOTAL LOAN REPAYMENTS MADE (Add 27(a) and 27(b))			27(c)
28. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committee	18,875.00	18,875.00	28(a)
(b) Political Party Committees			28(b)
(c) Other Political Committee			28(c)
(d) TOTAL CONTRIBUTION REFUNDS (Add 28(a), 28(b) and 28(c))	18,875.00	18,875.00	28(d)
29. OTHER DISBURSEMENTS			29
30. TOTAL DISBURSEMENTS (Add 23, 24, 25, 26, 27(c), 28(d) and 29)	282,984.23	282,984.23	30
31. CONTRIBUTED ITEMS (Stock, Art Objects, Etc.)			
31. ITEMS ON HAND TO BE LIQUIDATED (Attach List)			31

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SCHEDULE D-P

Federal Election Commission
399 E Street, N.W.
Washington, D.C. 20003

**DEBTS AND OBLIGATIONS
EXCLUDING LOANS**

Use separate schedule for each category of the debtor's ordinary debt.

PAGE 1 of (total pages)
LONG NUMBER 12

NAME OF COMMITTEE (or Fund)	OUTSTANDING BALANCE BEGINNING THIS PERIOD	DATE AND AMOUNT INCURRED THIS PERIOD	PAYMENT THIS PERIOD	CURRENT PERIOD BALANCE AT CLOSE OF THIS PERIOD
PETE WILSON FOR PRESIDENT COMMITTEE, INC				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor A. Peter Kazirian, Jr. 308 S. Allen Avenue Pleasanton, CA 94566	183.60	87.86	8.00	162.44
Nature of Debt (Purpose): Payroll				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor AFCO Apartment 7271 Los Angeles, CA 90008-7271	12,931.36	-12,931.36	6.00	6.00
Nature of Debt (Purpose): Insurance Committee billed incorrectly				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T P.O. Box 78225 Phoenix, AZ 85062-8225	2,416.82	0.00	2,382.23	34.59
Nature of Debt (Purpose): Telephone Expense				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T P.O. Box 78322 Phoenix, AZ 85062-8322	44.20	-44.20	0.00	0.00
Nature of Debt (Purpose): Telephone Expense Balance corrected by vendor				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T P.O. Box 370302 Pittsburgh, PA 15258-7302	1,829.97	-1,457.56	372.41	644.82
Nature of Debt (Purpose): Telephone Expense Balance corrected by vendor				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T P.O. Box 8205 Fox Valley, IL 60572-8205	332.99	-332.99	0.00	0.00
Nature of Debt (Purpose): Telephone Expense Balance corrected by vendor				
1) SUBTOTALS This Period This Page (optional)				6325.38
2) TOTAL This Period (last page this line only)				
3) TOTAL OUTSTANDING LOANS from Schedule C-P (last page only)				
4) ADD 2) and 3) and carry forward on appropriate line of Summary Page (last page only)				

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SCHEDULE D-F

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20403

**DEBTS AND OBLIGATIONS
EXCLUDING LOANS**

Use expense
categorized for
each category
of the detailed
activity form.

PAGE 2 OF FOUR PAGES

LINE NUMBER

12

NAME OF COMMITTEE (in Full)	OUTSTANDING BALANCE BEGINNING THIS PERIOD	DATE AND AMOUNT INCURRED THIS PERIOD	PAYMENT THIS PERIOD	OUTSTANDING BALANCE AT CLOSE OF THIS PERIOD
PETE WILSON FOR PRESIDENTY COMMITTEE, INC				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T P.O. Box 4206 Fox Valley, IL 60372-5206	22,406.20	2,151.06	18,079.88	14,536.17
Nature of Debt (Purpose): Telephone Expense	Balance corrected by vendor			
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T Teleconference Services Drawer 88A1571, P.O. Box 64000 Detroit, MI 48266-1571	19,374.17	-4,029.94	19,809.69	3,344.23
Nature of Debt (Purpose): Meeting Expense	Balance corrected by vendor			
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T Wireless Services P.O. Box 78152 Phoenix, AZ 85062-8152	9,822.42	8,506.35	7,208.97	11,120.21
Nature of Debt (Purpose): Telephone Expense	Balance corrected by vendor			
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor AT&T-Lucent Technologies P.O. Box 27-5785 Kansas City, MO 64104-5785	16,443.51	-5,751.79	4,963.15	5,746.97
Nature of Debt (Purpose): Furniture/Equipment Purchase	Balance corrected by vendor			
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor Actra Research P.O. Box 510908 Melbourne Beach, FL 32951-0908	9,568.76	0.00	5,809.00	4,568.76
Nature of Debt (Purpose): Polling				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor Alexa Video Lab 1928 84th Avenue Bakersfield, CA 93315	11,110.36	0.00	3,822.36	7,187.99
Nature of Debt (Purpose): Consulting				
1) SUBTOTALS This Period This Page (optional)				948,508.56
2) TOTAL This Period (last page this line only)				
3) TOTAL OUTSTANDING LOANS from Schedule C-F (last page only)				
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				

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SCHEDULE D-P Federal Election Commission 950 F Street, N.W. Washington, D.C. 20542		DEBTS AND OBLIGATIONS EXCLUDING LOANS			PAGE 4	of Total pages 12
NAME OF COMMITTEE (or Full)		OUTSTANDING BALANCE BEGINNING THIS PERIOD	DATE AND AMOUNT INCURRED THIS PERIOD	PAYMENT THIS PERIOD	OUTSTANDING BALANCE AT CLOSE OF THIS PERIOD	
PETE WILSON FOR PRESIDENT COMMITTEE, INC						
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor Craig Fuller 8516 Old Dominion Drive McLean, VA 22102		51,184.98	0.00	29,184.98	22,000.00	
Nature of Debt (Purpose): Consulting						
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor Craig Smith 3320 S. Marina Pacifica Drive, Apt. 470 Long Beach, CA 90802		4,000.00	0.00	0.00	4,000.00	
Nature of Debt (Purpose): Consulting						
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor Freighten Visual Advertising 2502 Beverly Place Stockton, CA 95204		0.00	1,380.00	0.00	1,380.00	
Nature of Debt (Purpose): Printing						
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor Burrill Trent 1325 E Pogrow Alexandria, VA 22304		3,512.28	0.00	0.00	3,512.28	
Nature of Debt (Purpose): Reimbursement - Travel & Subistence						
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor Data Targeting 6211 NW 132nd Street Gainesville, FL 32604-2512		952.34	0.00	952.34	0.00	
Nature of Debt (Purpose): Direct Mail						
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor Brewer & Wickers, Inc. 52 Griffon Avenue Bedford Hills, NY 10507		11,500.00	0.00	3,000.00	8,500.00	
Nature of Debt (Purpose): Consulting						
1) SUBTOTALS This Period This Page (optional)					137,512.28	
2) TOTAL This Period (see page 10 line only)						
3) TOTAL OUTSTANDING LOANS from Schedule C-P (last page only)						
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)						

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**Federal Election Commission
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FOR INCOMING DOCUMENTS**

The Commission has added this page to the end of this filing to indicate how it was received.

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<input type="checkbox"/> Received from the House Office of Records and Registration	DATE OF RECEIPT
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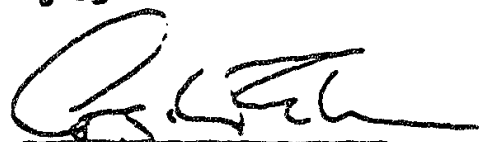
5⁴ 6

AFFIDAVIT OF CRAIG FULLER

Craig Fuller, being duly sworn, deposes and says:

1. I am president of the Fuller Company, a sole proprietorship I began in 1989 when I left government service. I was advised by my financial advisor to establish this business as a sole proprietorship for tax reasons.
2. From May to September, 1995, I was retained through the Fuller Company by the Pete Wilson for President Committee, Inc. Through my company, I served as Campaign Chairman.
3. I was an independent contractor with the Committee, and received a Form 1099 ~~for my compensation~~. I did not consider myself an employee of the Committee.
4. On my tax return for 1995, I reported my compensation from the Committee on Schedule C as a self-employed individual.
5. As such, the Committee treated me as a vendor. I know from my role as campaign chairman that other vendors besides myself are still owed funds by the committee and that the committee remains in debt.
6. I still expect to be paid by the committee for my compensation and expenses, and have made periodic inquiries about when the committee expected to have sufficient funds to pay the Fuller Company. I consider not being paid by a campaign committee with a debt as a normal risk a vendor who works for political campaigns takes. As such, not being paid yet by the campaign is a normal extension of credit consistent with what a vendor to campaigns sometimes has to do.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

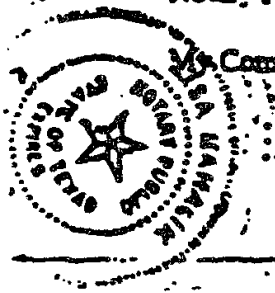


 Craig Fuller

SUBSCRIBED AND SWORN TO before me
 this 17th day of January, 1997.



 Notary Public



Commission Expires: 9/30/99

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 OF 1

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FEDERAL ELECTION
COMMISSION
AUDIT DIVISION
PATTON BOGGS, L.L.C.
2550 M STREET, N.W.
WASHINGTON, D.C. 20037
JAN 21 11 19 AM '97

(202) 457-6000

FACSIMILE (202) 457-6315

WRITER'S DIRECT DIAL

(202) 457-6405

January 19, 1997

Mr. Robert J. Costa
Assistant Staff Director
Audit Division
Federal Election Commission
Washington, D.C. 20463

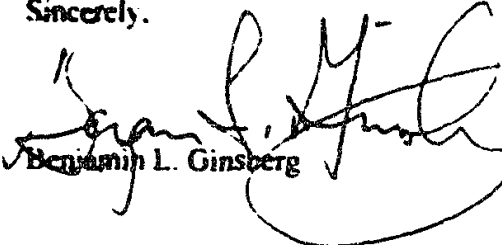
Re: Pete Wilson For President, Inc.;
Pete Wilson for President Compliance Committee, Inc.;
Pete Wilson for President Audit Fines and Penalties Account, Inc.

Dear Mr. Costa:

As counsel to the above-captioned committees, enclosed for submission is their response to the Exit Conference Memorandum of the Audit Division. The signed and notarized originals of the affidavits attached to the response as Exhibits 1 and 3 will be filed later this week.

Please contact me if there are questions concerning this submission.

Sincerely,


Benjamin L. Ginsberg

ATTACHMENT 6
1 of 18

09.04.393.2804

PETE WILSON FOR PRESIDENT COMMITTEE, INC.

PETE WILSON FOR PRESIDENT COMPLIANCE COMMITTEE, INC.

**PETE WILSON FOR PRESIDENT AUDIT FINES
AND PENALTIES ACCOUNT, INC.**

**RESPONSE TO EXIT CONFERENCE MEMORANDUM
OF THE AUDIT DIVISION OF THE
FEDERAL ELECTION COMMISSION**

**Benjamin L. Ginsberg
Patton Boggs, L.L.P.
2550 M Street, N.W.
Washington, D.C.
(202) 457-6000**

January 21, 1997

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**PETE WILSON FOR PRESIDENT COMMITTEE, INC.
PETE WILSON FOR PRESIDENT COMPLIANCE COMMITTEE, INC.
PETE WILSON FOR PRESIDENT AUDIT FINES AND PENALTIES
ACCOUNT, INC.**

RESPONSE TO EXIT CONFERENCE MEMORANDUM

I. INTRODUCTION

This constitutes the response of the Pete Wilson for President Committee, Inc. ("Primary Committee"), the Pete Wilson for President Compliance Committee, Inc. ("Compliance Committee"), and the Pete Wilson for President Audit Fines and Penalties Account, Inc. ("Fines and Penalties Account") to the Audit staff's Exit Conference Memorandum ("Memorandum").

That Memorandum concluded that, in the absence of additional information, the Committees should be required to repay the Treasury \$187,307. Because some of the figures have changed and because a portion of the determination is based upon a novel interpretation that treats this audit as, in effect, a rulemaking, the Committees respectfully submit that the Commission reject this recommended repayment. In addition, the Committees believe that several recommendations in the Memorandum are misplaced and, as discussed below, request that the Commission modify them, as appropriate.

II. ANALYSIS

A. PRIMARY COMMITTEE

I. Apparent Excessive Contributions

The Memorandum recognizes that 11 C.F.R. § 116.3 permits commercial vendors, whether or not incorporated, to extend credit to a candidate as long as the credit is extended in

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the ordinary course of the commercial vendor's business and the terms are not established especially for the candidate or political committee.

a. Staff Advance (Recommendation No. 1)

Craig Fuller, through The Fuller Company, a sole proprietorship established in 1989, was a vendor to the Primary Committee. Affidavit of Craig Fuller ("Fuller Aff.") ¶ 2, attached as Exhibit 1. As such, any monies still owed Mr. Fuller for his monthly fee and expenses under his contract are subject to 11 C.F.R. § 116.3. For unexplained reasons, the Memorandum incorrectly characterizes him as an employee subject to 11 C.F.R. § 116.5.

As the Memorandum correctly notes, The Fuller Company's contract with the Primary Committee refers to Mr. Fuller as the "Vendor". He received an Internal Revenue Service form 1099 rather than a W-2 from the Primary Committee. Fuller Aff. ¶ 3. He worked for the Primary Committee for four months. Fuller Aff. ¶ 2. On his own tax return, Mr. Fuller reported his income from the Primary Committee on Schedule C as an individual who is self-employed. Fuller Aff. ¶ 4. Indeed, the only indicia the Memorandum can site in arguing Mr. Fuller was an employee of the Primary Committee is that the Fuller Company is not incorporated. However, for a variety of business reasons and based on the recommendation of his financial advisor, Mr. Fuller opted not to incorporate the Fuller Company, and instead to operate it as a sole proprietorship. Fuller Aff. ¶ 1.

As the Commission is well aware, Mr Fuller is not the only vendor still owed funds. When Governor Wilson announced he was no longer a candidate for President on September 30, 1995, the Primary Committee owed a number of vendors, including Mr. Fuller. While some progress has been made, the Primary Committee remains in debt. There is simply no money to

pay in full Mr. Fuller or 56 other vendors.¹ By contrast, the Primary Committee has paid all its employees and staff. Regrettably, slow payment is the Committee's normal course of business towards vendors to whom it still owes money, including The Fuller Company. Likewise, the Fuller Company recognizes that in the normal course of business, clients may not be able to pay bills and, in such cases, credit has to be extended. Fuller Aff. ¶ 6. The Fuller Company has extended payments and carried debts in other instances. *Id.*

As such, Mr. Fuller has not made an extension of credit outside The Fuller Company's normal course of business and there is no excessive contribution to the Primary Committee. In addition, the Primary Committee intends that The Fuller Company will receive the monies owed for Mr. Fuller's services and expenses as soon as possible.

b. Extension of Credit By a Commercial Vendor
(Recommendation 2)

The Memorandum includes three allegations regarding the relationship between the Primary Committee and AT&T Credit Corporation ("ATT Credit"), all suggesting the Primary Committee received some sort of sweetheart deal from ATT Credit's parent, American Telephone & Telegraph Corporation ("ATT"). However, the facts, the business reasons for ATT's actions as understood by the Primary Committee, and ATT's normal business practices in similar situations debunk the Memorandum's argument. Specifically, the Memorandum contends that: (1) the Primary Committee received "an extension of credit from ATT [Credit] outside the ordinary course of business;" (2) [t]he Primary Committee used the telecommunications equipment owned by ATT [Credit] "for nine months at no cost;" and (3) the Primary Committee

¹ Mr. Fuller did receive a partial payment on his outstanding invoice in January, 1997.

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"never made a fully negotiated lease payment on the telephone equipment." As explained below, each allegation is factually untrue.

(i) Improper Extension of Credit

The Primary Committee initially contracted with ATT Credit, a subsidiary of ATT, to acquire a telephone system. See AT&T Master Lease Agreement, attached as Exhibit 2. ATT Credit, as the captive credit corporation for ATT, regularly provides leasing and credit services to facilitate the sale of equipment for ATT since, as the Primary Committee has come to learn, equipment sales are considered the best means of securing a business' overall telephone service. See Affidavit of A. Peter Kezirian, Jr. ¶ 2 ("Kezirian Aff."), attached as Exhibit 3. Therefore, while the equipment costs about which the Memorandum is concerned is a significant component, it is also a relatively small part of the entire business relationship between ATT and a customer. For its part, the Primary Committee, in selecting its telephone system, focused first on its service needs and then identified the equipment necessary to meet those needs. Kezirian Aff. ¶ 3.

The Memorandum fails to recognize that in this context, it is the normal course of business for a telephone company to install a telecommunications system and secure the service contracts before finalizing all of the credit and contract terms of such a sale or lease. At the time of delivery of the equipment, the Primary Committee had already entered into numerous service agreements with ATT for toll-free lines, long distance service, cellular telephones and other branch office telephone service needs. Kezirian Aff. ¶ 4. The monthly ATT billings to the Primary Committee for telephone service were often five or six times the equipment lease payments. Id. The potential billings to ATT would continue to grow exponentially as the

campaign moved closer to the primary elections. *Id.* The total dollars flowing to ATT from the Primary Committee demonstrate conclusively that the service agreements are of significantly greater value to a telephone company than the equipment sales about which the Memorandum focuses. In other words, in order to obtain the lucrative business of providing the service itself, a telephone company may, as happened here, offer "deals" and flexibility on payment for the equipment.

The relationship between ATT Credit and ATT explains the Primary Committee's relationship with ATT. Kezirian Aff. ¶ 5 ATT Credit provides credit to the customers of ATT to help them afford more telephone services. However, ATT Credit cannot survive financially if it holds onto each of the loans extended to ATT customers. Therefore, much in the same manner as other captive credit corporations, ATT Credit will "bundle" these loans and sell them in the financial markets at a discount. Such bundling requires that ATT Credit make certain representations regarding the loans. The absence of one element in these representations will prevent ATT Credit from selling the loan.

Based on conversations between Robert Wright and Phil Lozzano of ATT with A. Peter Kezirian, Jr., the campaign's counsel, the Primary Committee believed ATT was treating the Primary Committee as it treated its other business clients. Kezirian Aff. ¶ 6. Mr. Kezirian was in regular contact with ATT Credit to resolve any open issues on the equipment lease, and the Primary Committee was using ATT for all its telephone services. *Id.* The Primary Committee sent regular payments to ATT Credit for the equipment it was using for the period that it had funds to do so. Kezirian Aff. ¶ 7.

The Primary Committee did not understand why ATT Credit had not deposited the Primary Committee's lease payments until it learned the decision was based on ATT Credit's standard practice of bundling and reselling loans. Kezirian Aff. ¶ 8. Mr. Wright told Mr. Kezirian that any deposit without the closure of any element of the Master Lease Agreement would have disqualified the loan for sale. ATT Credit was willing to hold deposits to maintain the option of reselling the loan. ATT was aware that the Master Lease would take some time to complete, but ATT did not want to forego the telephone service fees the Committee was now incurring. *Id.* Therefore, ATT Credit held payments until all steps were completed. The Committee believed this was a normal business decision by ATT Credit that had nothing to do with the operations of the Primary Committee. *Id.* According to ATT Credit, the Primary Committee was current on its obligations until the Primary Committee suffered its financial difficulties in late summer 1995. The Memorandum fails to note that the Primary Committee's May, June and July payments to ATT Credit meant that it paid its bills when it had money. Even if not cashed by ATT, these payments meant that the Primary Committee acted in good faith and was not spending the funds on anything else. Thus, the failure of the vendor to cash the checks did not aid the Primary Committee since it treated the funds as obligated.

ATT Credit did not sell this loan, but did receive full payment for the equipment in February 1996. Kezirian Aff. ¶ 9. That probably made this equipment agreement more profitable for ATT since it received the full amount of the sale instead of the discounted or reduced portion it would have received if ATT Credit had sold the loan sooner. Indeed, the Primary Committee's ultimate purchase of the system (rather than making payments over the life

of the lease) meant that ATT was certainly made whole and that the Primary Committee did not secure a benefit outside ATT's normal business practices.

(ii) "Free Equipment" for the Primary Committee

As stated above, the Primary Committee made timely payments on its lease to ATT Credit. ATT Credit chose, for its own legitimate business reasons, to hold these payments. The Primary Committee, as a result of its decision to withdraw from the presidential campaign, actually paid ATT Credit a greater amount than specified in the Master Lease Agreement.

The Master Lease was entered into on May 17, 1995. The Primary Committee made proper and timely payments for the months of May, June and July. The Primary Committee did not have the financial resources to make its August and September payments and withdrew from the campaign on September 30, 1995. The terms of the Master Lease Agreement called for the Primary Committee to own the telephone system at the end of lease. The lease required 17 months to pay the complete purchase price. By selling the system outright in February 1996, ATT Credit received its funds sooner than anticipated, and, therefore, received an economic benefit.

In addition, the Primary Committee was penalized by ATT for withdrawing from the election. This penalty only further underscores the importance of the service contracts to ATT. The Primary Committee ended the campaign at the end of September. By mid-October, ATT had terminated its service arrangements with the Primary Committee. The Primary Committee was required to acquire a new phone service to complete the winding down operations. Kezirian Aff. ¶ 10. The Primary Committee had to warehouse the equipment until a financial solution was found; it did not use the equipment. The Primary Committee received no benefit from and

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did not use the equipment from October until the sale to Varilease in February. Id. Even if the Primary Committee received an unintentional loan from ATT Credit by not paying the lease in August and September, any benefit derived in this period was eliminated by the Primary Committee's early payment in full of the Master Lease.

(iii) No Lease Payment

The Memorandum asserts that the Primary Committee never made a fully negotiated lease payment. This statement is patently incorrect. The Primary Committee functioned for five months -- May through September. Three lease payments of \$12,351.68, each as required by the Master Lease Agreement, were made in a timely manner in May, June and July. The Primary Committee failed to make lease payments in August and September due to financial difficulties. The telephone system was disconnected in October. ATT Credit's handling of the lease payments were dictated by its own business interests that were outside the control of the Primary Committee. The Primary Committee's payments are reflected in its FEC filings and were made in anticipation that ATT Credit would deposit these funds.²

Accordingly, the Memorandum's position that the Primary Committee received credit outside the normal course of business is mistaken. In fact, the Primary Committee paid its bills, obligated the required funds and was subjected to ATT's and ATT Credit's business decisions. The Primary Committee did not receive an improper extension of credit.

2. Misstatement of Financial Activity (Recommendation 3)

The Primary Committee concurs with this recommendation that no action should be taken.

² The sale to Varilease was a standard "buy back" arrangement which AT&T has entered into in the past as part of its list of sale inducements. A similar "buy back" arrangement from another Presidential campaign is attached as Exhibit 4.

3. Failure to Properly Disclose Debts Outstanding (Recommendation 4)

The Primary Committee concurs with this recommendation and the relevant reports are being prepared and will be filed as promptly as possible.

4. Payments to the U.S. Treasury

a. State-Dated Checks (Recommendation 5)

The Primary Committee has reviewed its records and determined that the correct total amount of state-dated checks is now \$33,500.38. The differences from the amount determined by the audit staff are:

Beeson, R.	\$486.92	Cleared
Willard Hotel	\$2,053.74	Was lost and is being reissued
Moran, M.	\$1,000.00	Cleared
Criscione, G.	\$1,000.00	Cleared

The relevant documentation is attached as Exhibit 5.

b. Determination of Net Outstanding Campaign Obligations

The Primary Committee is in agreement with the audit staff's NOCO determination, with the exception of the AT&T lease issue. See pp. 3-8. *infra*.

c. Compliance Committee Expenses Paid for By Primary Committee (Recommendation 6)

The Memorandum argues that the Primary Committee improperly paid expenses of the Compliance Committee by paying the costs of mailings and invitations whose overwhelming purpose was raising funds for the Primary Committee, but did contain one box on the response

devise asking potential donors if they would contribute to the Compliance Committee. Examples of the solicitations at issue are attached as Exhibit 6.

Background: In order to further Governor Wilson's campaign for President, the Primary Committee engaged in a variety of fundraising activities designed to gather the financial support necessary to compete for the nomination. Testing the waters fundraising began in March 1995. Fundraising activity increased beginning with Governor Wilson's filing of a candidate committee.

The Memorandum's recommendation must be rejected for several reasons. First, most of the fundraising that is the subject of this recommendation in the Memorandum was completed before August 16, 1995, the date the Regulation at issue went into effect. Secondly, the Regulations now in effect covering fundraising for General Election Legal and Accounting Committees ("GELAC") are contradictory -- while one Regulation permits the starting of a GELAC another Regulation imposes a punishment for actually using that committee. Thirdly, the plain wording of the Regulations do not cover the factual situation involving the Wilson committees' activities. Yet, in an apparent effort to salvage a loss over the Commission's refusal to adopt a rule banning GELACs, the Memorandum attempts to claim that one-half of the Primary Committee's fundraising costs were non-qualified campaign expenses subject to repayment. For the reasons set forth below, the Commission must reject this recommendation.

(1) **Date of Regulation:** The Regulation upon which the Memorandum bases its repayment determination went into effect on August 16, 1995. This was well after most of the fundraising solicitations by the Wilson committees that are the subject of the \$83,387 repayment amount. The Committees dispute that the Memorandum correctly uses 11 C.F.R.

§ 9034.4(e)(6)(i) to determine the repayment in this situation. But even if mathematically correct, the Regulation cannot be applied to any solicitation before August 16, 1995 because the Regulation was not in effect. As the Memorandum tacitly acknowledges, there was no relevant Regulation in effect before that date. Furthermore, a review of the invitations sent after August 16, 1995 shows that, with only one exception, the solicitation for the Compliance Committee was dropped entirely from the Committee's solicitations. At most, that leaves the Commission being able to apportion costs (as discussed below, the Committees dispute that any costs can or should be applied to the Compliance Committee for the solicitations at issue) on the bases of: (1) amounts received (\$5,767,000 for the Primary Committee and \$598,000 for the Compliance Committee), see 11 C.F.R. §§ 106.5(f), 106.6(d), or (2) space used for each committee in the solicitations themselves.

The bottom line is that the Memorandum's repayment determination must be rejected because it is based on a Regulation not in effect at the time the underlying activity occurred.

(2) Even After 11 C.F.R. § 9034.4(e)(6) Went Into Effect, It Contradicts Other Regulations: The current Regulations are internally contradictory and place a committee which simply exercises its rights granted by the Regulations automatically in violation for following the Regulations. Specifically, 11 C.F.R. § 9003.3(a)(1) states that a GELAC "may be established by such candidate prior to being nominated or selected as the candidate of a political party for the office of President or Vice President of the United States." However, another Regulation requires a candidate who raises GELAC funds pursuant to this Regulation, but is not nominated or selected to be the Presidential or Vice Presidential candidate, to return (or have redesignated) all of the funds collected by the GELAC. 11 C.F.R. § 102.9(c)(2). None of the funds raised

may be attributed to any fundraising or overhead costs according to 11 C.F.R. § 102.9(e)(2). Yet 11 C.F.R. § 9034.4(e)(6)(i) requires that a joint solicitation be paid for by both the primary committee and the GELAC. It cannot be both ways. This fundamental contradiction in the Regulations makes it impossible for a committee exercising its rights granted by the Regulations to comply. Whatever the correct answer is, it cannot be forcing Governor Wilson's Primary Committee to repay \$83,387.

(3) The Plain Wording of the Regulations Now In Effect Does Not Cover the Solicitations by the Wilson Committees and Do Not Require a Repayment: In any event, an examination of the actual mailings and invitations, which are attached as Exhibit 6, shows that the reference to the Compliance Committee is fleeting, at most, and in reality a secondary, if not tertiary, consideration in the piece as a whole. As such, they are not "solicitations" and no repayment is required by the Regulations.

An examination of the invitations and direct mail letters shows that the Memorandum's proposed edict of evenly dividing costs defies the plain facts of this case, and common sense. A fair viewing of the invitations and letters themselves demonstrates that they are a clear attempt to solicit funds for the Primary Committee. The invitations are all for events benefiting the Primary Committee.

The letters discuss Governor Wilson's Presidential primary campaign, not the Compliance Committee. A review of the wording shows that the only place the Compliance Committee is mentioned is in one line on an accompanying response device. In short, neither the invitations or the fundraising letters directly "solicit" funds for the Compliance Committee as defined by the Regulations.

Indeed, funds that came into the committees went first to the Primary Committee. Donors were never asked to divide contributions between the two and the Committees never proactively sought redesignations to place Primary Committee contributions in the Compliance Committee. Indeed, of 627 Compliance Committee contributors only 52, or 8.3 percent, did not give to the Primary Committee. With that 8.3 percent exception, all funds that were placed in the Compliance Committee accounts were done so by contributors who had already given the legal maximum to the Primary Committee, and wished to help further.

The results conclusively demonstrate this. The Primary Committee raised about \$5,767,000. The Compliance Committee raised about \$598,000, or 10.37 percent as much. If these were really the joint solicitations as the Memorandum contends, these numbers would have been much more even. To show the illogic of the Memorandum's result, the Compliance Committee raised \$598,000, yet the audit staff now argues that its fundraising costs were \$351,856. This amounts to an unheard of cost of about 59 percent.²

In conclusion, the Commission should reject the Memorandum's repayment determination because: (1) the Regulation upon which the Memorandum relies was not in effect at the time of most of the solicitations at issue, (2) even for those mailings and invitations after August 15, 1995, the Regulations are internally inconsistent so that actual compliance is not possible; and (3) the reference to the Compliance Committee is so fleeting that it does not constitute a solicitation within the meaning of the Regulations.

² If the Commission really believed that this fundraising requires some sort of a repayment, then it would have to be based on the 10.37 percent figure. In other words, even under the Memorandum's own logic (as opposed to its vindictive conclusion), the repayment amount should be \$16,706.30 (10.37 percent of \$699,098 times .230443)

B. COMPLIANCE COMMITTEE

1. Misstatement of Financial Activity (Recommendation 7)

The Compliance Committee concurs with this recommendation that no further action should be taken.

2. Disclosure of Occupation/Name of Employer (Recommendation 8)

The requested amendments were included on the Committee's August 1996 filing with the Commission.

3. Amounts Due the Treasury - Stale-Dated Checks (Recommendation 9)

The Compliance Committee has reviewed its records and determined that the correct total amount of stale-dated checks is now \$63,450.00. The differences from the amount determined by the audit staff are:

Borti, John	\$1,000	Cleared
Mezzacappa, D.	\$1,000	Voided (original contribution returned as NSF)
Mezzacappa, E.	\$1,000	Voided (original contribution returned as NSF).

The cancelled checks are attached as Exhibit 7

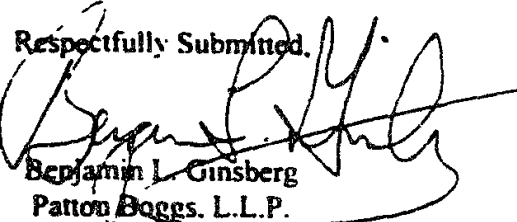
C. FINES AND PENALTIES COMMITTEE

The Committee concurs with the audit staff's report that no further action should be taken.

III. CONCLUSION

The Committees have provided a detailed response to each of the matters raised by the Memorandum. The Committees' analysis is fully supported by the factual affidavits of those with knowledge of the relevant situations and responsibilities for them. Accordingly, the

Committees respectfully request that each of the conclusions described above be adopted by the Commission.

Respectfully Submitted,

Benjamin L. Ginsberg
Patton Boggs, L.L.P.
2550 M Street, N.W.
Washington, D.C. 20036
202-457-6000

99 "04" 393 "2018

1

FEDERAL ELECTION COMMISSION

JUL 17 12 33 PM '97

PATTON BOGGS, L.L.P.
2550 M STREET, N.W.
WASHINGTON, D.C. 20037-1350
(202) 457-6000
FACSIMILE (202) 457-6375

WRITER & DIRECT DIAL

(202) 457-6405

July 17, 1997

VIA HAND DELIVERY

André G. Pineda, Esquire
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: **The Honorable Pete Wilson for President Committee, Inc.**
March 3, 1997 Request for Additional Matching Funds

Dear Mr Pineda

Enclosed please find documents responsive to your inquiries of June 26, 1997 and July 2, 1997. They demonstrate that the Pete Wilson for President Committee, Inc. was operating under a contractual agreement with AT & T as of May 1995 and the telephone equipment used by the Wilson Committee was installed and paid for pursuant to this contract between the parties. These documents supplement the Committee's March 3, 1997 submission and its April 30, 1997 filing on this subject.

The enclosed documents are in two categories: (A) internal documents and correspondence of the Committee showing that a contractual relationship existed between the parties as of May 1995, and (B) AT&T's invoices to the Committee for services provided under the lease agreement between May and September, 1995.

We sincerely hope that this submission answers once and for all that the Committee is entitled to its matching funds. The documents confirm that a contractual agreement between the parties existed as of May 1995, making the telephone system a capital asset obtained under a capital lease arrangement as of May 1995. As explained in the April 30, 1997 submission, AT & T would not execute the Master Lease because the Committee was unable to obtain a Letter of Credit, but AT & T delivered the equipment called for in the agreement and the Committee made payments pursuant to the agreement. The terms of the lease agreement were

10111

ATTACHMENT 7
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99 " 04 " 393 " 2819

PATTON BOGGS, L.L.P.

André G. Pineda, Esq.

July 17, 1997

Page 2

indeed carried out, with AT & T ultimately receiving the full payment called for in the lease agreement.

The Commission has also requested a letter of explanation from AT & T. We expect that this letter will be provided shortly.

(A) Committee Documents:

The April 25, 1995 letter agreement from Phillis T. Lozano of AT & T Credit to Mary Hayes and signed by campaign chair Craig Fuller, recently obtained from AT & T's files, shows the contractual agreement existed as of May 1995. Accordingly, the equipment became a capital asset as of the effective date of the agreement. See April 30, 1997 submission.

The May 12, 1995 letter to Carne Rowland shows that the long distance service and the equipment called for in the lease agreement was being acted upon by the parties. It was delivered and installed shortly thereafter, and Committee personnel (Matt DuBrow) received training from AT & T, a clear indication both parties were operating pursuant to the lease agreement as of May 1995.

The June 19, 1995 agenda was for a meeting between Committee personnel and AT & T representatives. The items show that the parties were acting according to the provisions of the lease agreement and the various services it calls for.

The "6/27/95" document entitled "AT & T UniPlan Service Order" demonstrates both that AT & T was acting pursuant to the lease agreement and that the equipment contemplated by the lease agreement was being ordered and installed. The document further shows that contractual billing arrangements between the parties had been agreed to and that the installment purchase agreement of the lease was being exercised. The document is also evidence of the extent of the relationship between the parties in that providing the equipment is the key to AT & T getting the service, which is the most profitable portion of their operation.

The August 21, 1995 memorandum from counsel A. Peter Kezirian, Jr. to Director of Administration Mark G. Hoglund concerns the status of the obligations of the Committee under the ongoing lease. It explains why AT & T would not sign the lease without a letter of credit, but makes clear that the parties were nonetheless operating pursuant to that agreement.

PATTON BOGGS, L.L.P.

André G. Pineda, Esq.

July 17, 1997

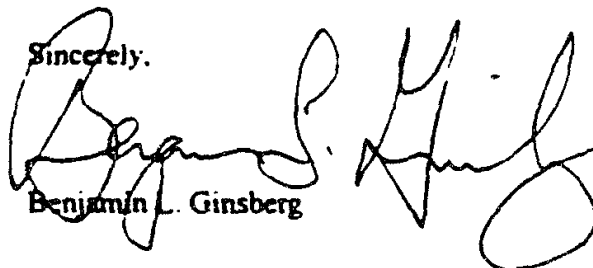
Page 3

(B) AT & T Invoices for Services Provided Under the Master Lease

The attached invoices include equipment-related payments as well as bills for services. They demonstrate that the telephone service the Committee paid for could not have been provided without the equipment covered by the operative lease agreement and that all the activity reflected in the invoices was undertaken only because both AT & T and the Committee were acting in the belief there was an agreement in place. The invoices themselves include only the summary pages (if you wish to see the voluminous back-up that the Audit Division has already had access to, the Committee can provide it).

We trust this answers your inquiry. Should you have any additional questions, please let me know as promptly as possible so that the Wilson Committee can receive its matching funds in order to pay its outstanding bills

Sincerely,



Benjamin L. Ginsberg

BLG:jmt

Enclosures

99.04.393.10.66



Philip T. Loomis
Federal Business Unit Manager
AT&T Credit

1120 22nd Street N.W.
Fourth Floor
Washington, D.C. 20038
Phone: 202-457-2048
Fax: 202-457-2041

April 25, 1995

Ms. Mary Hans
Pete Wilson Exploratory Committee
1020 12th Street Suite 300
Sacramento Ca, 95814

Dear Ms. Hans:

AT&T Credit Corporation is pleased to submit this proposal based on our understanding of your financial requirements. Any changes in these terms, conditions, and assumptions may alter the proposed financing.

In addition, we offer a full range of acquisition alternatives. I look forward to working with you to develop a complete package to meet both your current and long term financial needs.

Financial Options	True Lease (Fair Market Value Purchase Option) Finance Lease with \$1.00 Purchase Option
Lessor	AT&T Credit Corporation
Lessee	Pete Wilson Exploratory Committee
Equipment Description	AT&T DEFINITY G92 PEX SYSTEM
Equipment Cost	\$205,000.00 plus applicable taxes

Term	Type	Rate Factor	Monthly Payment
11 Months (6/95 - 4/96)	True Lease	.08122	\$ 16,649.43
19 Months (6/95 - 12/96)	True Lease	.03084	\$ 10,442.63
11 Months (6/95 - 4/96)	Finance Lease	.08589	\$ 19,856.52
19 Months (6/95 - 12/96)	Finance Lease	.05789	\$ 11,867.53

ATTACHMENT 7
Page 5 of 16

Pete Wilson Exploratory Committee
April 25, 1996

Page 3

Financial Assurances

Soft Costs

True Lease Option - Up to 25% of the total amount to be financed may be comprised of soft costs (i.e., installation, shipping, training, wire and software) since the configuration is finalized, if the soft costs exceed 25%, the rent(s) quoted will be increased.

**Anticipated
Acceptance Date**

June 1, 1996

Net Lease

Maintenance, insurance, and all taxes (domestic and foreign as applicable) will be the responsibility of the Lessee.

Additions

Financing of continuous additions is available in maximum amount of \$1,000.00. Minimum term for additions is 12 months.

Lease Termination

True Lease Options Upon expiration of the initial term, at Lessor's option, Lessee may: (1) purchase the equipment at the then existing Fair Market Value; (2) renew the lease at the then existing Fair Market Rental Value; or (3) return the equipment to the Lessor.

Finance Lease Options - Upon expiration of the initial term the lessee may purchase the equipment for \$1.00

Proposal Expiration

This proposal expires if not accepted within 30 days after the date hereof. Rates quoted shall be firm if the lease is commenced within 90 days after written acceptance of this proposal.

ATTACHMENT 7
Date 4 of 16

202 497 2941
FBI CREDIT FEDERAL BUREAU OF INVESTIGATION
9191692674 • NEW YORK

APR 25 1996
FBI

412822 563 410 66

003
P. 3
M. 337

Rate Mgmt Exploratory Committee
April 25, 1995

Page 3

Financing Index

If the lease is consummated more than 90 days after written acceptance of this proposal and the stated term of the lease is 11 Months - and if the yield of the 1.3 year Treasury Note trading closest to par as stated in The Wall Street Journal on the commencement date is different by an amount greater than 25 basis points from today's (April 25, 1995) yield of 6.30% or 19 Months - and if the yield of the 1.3 year Treasury Note trading closest to par as stated in The Wall Street Journal on the commencement date is different by an amount greater than 25 basis points from today's (April 25, 1995) yield of 6.30%, the implicit rate will be adjusted upward or downward in the amount equal to the difference between the two yields, and the amount of the periodic payments will be adjusted accordingly. However, no adjustment will be made if the adjustment to each payment is \$5.00 or less.

Letter of Credit

This proposal is subject to the Lessor providing to the Lessor, prior to commencement date, a Letter of Credit in the amount equal to the equipment cost. The Letter of Credit shall be drawn against a bank that is acceptable to the Lessor and shall be good for the full term of the lease or until all payments are made to the Lessor.

Basic of Proposal

This proposal should not be construed as a commitment by AT&T Credit Corporation. Such a commitment requires formal credit review and approval by AT&T Credit Corporation and the execution of a mutually acceptable lease agreement and other related documents. The lease agreement and other related documents, not this proposal, will set forth the agreement between the parties.

ATTACHMENT

7

7 of 16

94576315 - THE WALL STREET JOURNAL
AT&T CREDIT CORPORATION - 1995 APR 25

51:01 CR/CP/PP
25:01 55. 00 AM/1

52021 363 40 66

LET DN
P. 4


Rate **William Exploratory Services**
April 28, 1996

Page 4

If the general terms and conditions of this proposal are acceptable, please sign and return the enclosed copy designating the financial option and term desired, along with: (1) a copy of your latest annual report and quarterly statements, (2) bank references, (3) trade references and (4) a copy of your AT&T Equipment/Product Agreement.

AT&T Credit Corporation welcomes the opportunity to offer this service. I urge you to contact me promptly for clarification of any provisions of this proposal.


Sincerely,


Philip T. Luster
AT&T Credit

The general terms and conditions of this proposal are accepted and agreed to this 8th day of May, 1996.

Please indicate Financial Option and Term desired:

Trade Lines _____ Months
Finance Lines 919 _____ Months

Signature 

Name: Craig Fuller

Title: Campaign Chairman

ATTACHMENT 7
P.05 4 02/16

080
455 ON
S.P

010-822591616 - NEW YORK TEL 1020 1210
AT&T CREDIT FEDERAL INC - 91916328474
302 457 2941
1962 AD 208

05 14:38
05 08 10
05 08 10

Fourth Floor
1120 20th Street, NW
Washington, DC 20036
(202) 457-2430

May 12, 1995

Ms. Carne Rowland
Pete Wilson For President Exploratory Committee, Inc.
1020 12th Street, Suite 300
Sacramento, CA 95814

Dear Ms. Rowland:

Enclosed are the forms and documents applicable to lease financing of telecommunications equipment provided by AT&T Corp.

- * Master Equipment Lease Agreement
- * Master Equipment Lease Agreement Schedule with
Description of Equipment (Four Pages)
- Instructions regarding a Letter of Credit with
Letter of Credit Amortization Schedule
- * Billing Information Sheet
- Insurance Information Request Form
- * UCC1

CF All items marked with an asterisk should be returned to AT&T Credit Corporation as soon as possible. The Master Lease, Schedule and UCC1 should be executed by an authorized officer of Pete Wilson For President Exploratory Committee, Inc.

The Letter of Credit Instruction form and Amortization Schedule should be directed to the issuing bank. I would be happy to review the content and form of the Letter of Credit with the bank if they desire clarification of any points.

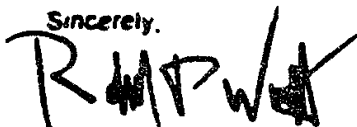
The Insurance Information Request Form should be directed to your insurance agent or underwriter.

In addition, please provide us with the Federal Tax I.D. # of the Pete Wilson For President Exploratory Committee, Inc. and a check representing the advance rent in the amount of \$12,351.68 made payable to AT&T Credit Corporation.

If you have any questions regarding this documentation please call me at any time. My direct line is (202) 457-2390.

AT&T Credit appreciates this opportunity of meeting your financing requirements.

Sincerely,



Robert P. Wright
Operations Mgr. Federal Markets

ATTACHMENT 7

Page 9 of 16

**AT&T Agenda
June 19, 1995**

- I. **Financial**
 - **Legal/Financial**

- II. **Support**
 - **Technical**
 - **Audix School**
 - **Strategic**

- III. **Capacity**
 - **Strategy**
 - **Interaction with Pac Bell**

- IV. **Training**

- V. **Fourth Floor Wiring**

- VI. **Interacuen with cell phones and pagers**

99.04.393.2828



AT&T UniPlanSM Service Orc
Quality Assurance Checkl
Dedicated Location Detail

Customer Name: Pete Wilson for President

Account Number (if known): _____

Location Name: _____

Technical Contact Name: _____

Telephone Number: () - _____ Hours: _____

Customer _____ Agent _____ Vendor _____ Availability: _____

6/27
REC'd
FROM DL + KF

EQUIPMENT INFORMATION

PBX Equipment (specify if Centrex) _____ Dfinity 634

PBX Vendor _____ AT&T

Network Termination/Equipment Interface Select one:

- D4 Channel Bank
- CSU/DSU 1 Card
- M24 Mux
- 120 Type CSU (767 D Card)

ARS Changes Scheduled for IntraLATA Traffic _____

ACCESS INFORMATION

FEATURES	YES	NO	OPTIONS
Existing T1.5 Access		<input checked="" type="checkbox"/>	If YES, Circuit ID (if known): _____
Ⓢ Nodal Features (per T1.5 Access)			Select all applicable: <input type="checkbox"/> Shared Access (SASS) <input type="checkbox"/> Integrated Access (Select all applicable) <input type="checkbox"/> Outbound and 800 Service (SINA II) <input type="checkbox"/> Outbound and/or 800 Service and/or Data Circuits (SINA /M24 functionality) Are there data circuits on this T1.5: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other
Clear Channel (8BZS) Capability	<input checked="" type="checkbox"/>		
Ⓢ UniPlan Watch SM Service		<input checked="" type="checkbox"/>	Note: Requires special equipment
Channelization		<input checked="" type="checkbox"/>	Outbound Channel Numbers: _____ Inbound Channel Numbers: _____ Data Channel Numbers: _____

T1.5 ACCESS INFORMATION

Select one

AT&T Total Service (Coordination, Billing and Maintenance)

Access Value Term Plan: YES NO

If Yes, the targeted Term Plan start month is: []

Length of Term: [] months

T1.5 Access Included in Term Plan:

- All T1.5 Access
- Only Certain T1.5 Access

T1.5 Access Arrangements from Other Vendors (Select both vendor and type)

Indicate the vendor:

- LEC
- Competitive Access Provider

Indicate the type:

- Coordinated (Vendor Billing with AT&T Coordination and Maintenance)
- Baseline (Vendor Billing, Coordination and Maintenance)

Customer Provided Access

Customer's Initials: MHT AT&T Representative's Initials: CM Remarks Attached: YES NO

ATTACHMENT 7
Page 11 of 16

ORIGINAL

RETENTION REQUIREMENT
PREPARER - 3 YRS



CUSTOMER INFORMATION

Company Billing Name (as it appears on letterhead) <i>Pete Wilson for President</i>	Billing Street Address, City, State and Zip Code <i>1020 12th STREET SUITE 500 SACRAMENTO, CA 95814</i>
Customer Billing Contact and Telephone Number <i>Carrie Rowland / Matt Dubrow 916-544-7716</i>	Main Billing Local Serving Office (NPA-NXX)
Customer Description: <i>National Presidential Campaign</i>	

TOTAL # OF LOCATIONS	TOTAL # OF SWITCHED ACCESS ACCOUNTS		TOTAL # OF DEDICATED ACCESS ACCOUNTS	
	Outbound	800 Service	Outbound	800 Service
<i>4</i>	<i>4</i>		<i>2</i>	<i>1</i>

KEY DATES

Customer Requested Due Date (CRDD) *10/21/1995*
 Final dates will be set after data collection is completed
 Is this an Expedite? YES NO
 YES has the Customer been advised that Additional Charges will apply? YES NO

TAX INFORMATION

Complete table below if tax exemptions apply.

Exempted by:	<input type="checkbox"/> Statute	<input type="checkbox"/> Certificate
	<input type="checkbox"/> Federal	<input type="checkbox"/> County
	<input type="checkbox"/> State	<input type="checkbox"/> Municipal
	<input type="checkbox"/> Sub-Municipal	
List Other Exemptions:		
Select one	<input type="checkbox"/> All Location	<input type="checkbox"/> Only Certain Locations

UNIPLAN VOLUME AND TERM PLAN INFORMATION

Volume Discount Plans: (Select one)
 Standard Volume Discount
 PER PLD AG 27
 Global Volume Discount (Requires Term Plan)
 Off peak Volume Discount (Requires Term Plan)

Domestic Term Plan	International Term Plan	Other Volume Discount Plans (Select if applicable)
Length of Term	Net Monthly Commitment	
<i>12 Months</i>	<i>10,000.00</i>	<input type="checkbox"/> UniPlan Nation Option
Starting Month: <i>July</i>	Starting Month:	<input type="checkbox"/> Partners by Association
		<input type="checkbox"/> Other: Specify: <i>PLD</i>

APPLICABLE PROMOTIONS

Promotion Name	Description	PROMOTION ID#s
<i>Free Install of T's</i>		

THE SERVICE(S) AND PRICING PLAN(S) YOU HAVE SELECTED WILL BE GOVERNED BY THE RATES, TERMS AND CONDITIONS AND THE APPROPRIATE AT&T TARIFFS AS MAY BE MODIFIED FROM TIME TO TIME. YOUR SIGNATURE ACKNOWLEDGES THAT YOU UNDERSTAND THE TERMS AND CONDITIONS UNDER WHICH THE SERVICE(S) SELECTED WILL BE PROVIDED AND THAT YOU ARE DULY AUTHORIZED TO MAKE THE COMMITMENT(S) AND TO ORDER SERVICE FOR EACH OF THESE LOCATIONS.

Authorizing Customer Signature

Authorizing Representative Signature

Mary H. Hayes
 Signature _____ Date: | _____ |
(916) 564-1996
 Telephone Number _____

Christine Myers
 Signature _____ Date: *6/26/95*
916-457-2416
 Telephone Number _____

Treasurer / Mary H Hayes
 Name and Title (please print)

Christine Myers *DIR - POL MKRT*
 Name and Title (please print)

Remarks Attached: YES NO

ORIGINAL ATTACHMENT RETENTION REQUIREMENT PREPARER - 3 YRS.
 Page *12* of *16*

0282 202 40 66



Company Name: Pete Wilson For President

AT&T INFORMATION

AT&T Technical Consultant (if dedicated access is required) <u>Marisa Nobile</u>	AT&T Account Executive: <u>Christine Myers</u>	
Technical Consultant's Telephone Number: <u>202-457-3662</u>	Account Executive's Telephone Number: <u>202-457-2896</u>	
E-Mail:	E-Mail:	
Master Customer Number:	Sales Office Code: <u>18</u>	Sales Code: <u>1237999</u>

UNIPLAN FEATURES (Check all features and options applicable within the network)

FEATURES	YES	NO	OPTIONS
Network Features		<input checked="" type="checkbox"/>	Select one: <input type="checkbox"/> New Account Codes <input type="checkbox"/> Existing Codes on Another AT&T Service Select one: <input type="checkbox"/> Basic Account Codes <input type="checkbox"/> Validated Codes Length (1-8 digits): [] # of Codes: _____ (Provide Codes on Separate Sheet) Select one: <input type="checkbox"/> All Locations <input type="checkbox"/> Only Certain Locations Autodialers: <input type="checkbox"/> YES <input type="checkbox"/> NO
AT&T Calling Cards			Select all that apply: <input type="checkbox"/> Add New AT&T Corporate Cards <input type="checkbox"/> Move Existing AT&T Corporate Cards <input type="checkbox"/> Convert AT&T EXECU-BILL SM Cards to AT&T Corporate Cards <input type="checkbox"/> Keep existing EXECU-BILL Cards. Do Not Convert to UniPlan. <input type="checkbox"/> Add Select Value Plan for discounting
1. Activity Type			
2. Features			Select all that apply: <input type="checkbox"/> Calling Restrictions <input type="checkbox"/> Purchase Limits (certain \$ amount per card) <input type="checkbox"/> Custom Direct (limit calling areas or numbers) <input type="checkbox"/> Card Billing Codes <input type="checkbox"/> PIN Suppression (no PIN # printed on cards) <input type="checkbox"/> Custom/Co-Logo Card Design (additional charges apply)
Partners in Business			Select one: <input type="checkbox"/> Add a New Account <input type="checkbox"/> Move an Existing Account
Advanced 800 Features			Select all that apply <input type="checkbox"/> New <input type="checkbox"/> Existing w/ No Changes <input type="checkbox"/> Existing W/Changes Features: <input type="checkbox"/> Country Code Routing <input type="checkbox"/> Area Code Routing <input type="checkbox"/> Exchange Routing <input type="checkbox"/> Time Manager <input type="checkbox"/> Day Manager <input type="checkbox"/> Quick Call Allocator <input type="checkbox"/> Command Routing <input type="checkbox"/> Select Routing <input type="checkbox"/> Caller Recognition <input type="checkbox"/> Day of Year Routing <input type="checkbox"/> Routing <input type="checkbox"/> Call Prompter <input type="checkbox"/> Speech Recognition <input type="checkbox"/> Courtesy Response <input type="checkbox"/> Enroute Announcements <input type="checkbox"/> Network Queuing (only w/NAAR Feature) <input type="checkbox"/> Alternate Destination Routing <input type="checkbox"/> Next Available Agent Routing (NAAR) <input type="checkbox"/> Transfer Connect <input type="checkbox"/> Select Again <input type="checkbox"/> Routing Call Service - I <input type="checkbox"/> Routing Call Service - II <input type="checkbox"/> Routing Call Service - RMI <input type="checkbox"/> 800 Call Forwarding <input type="checkbox"/> Maximum Calls Allowed <input type="checkbox"/> Intelligent Call Processing <input type="checkbox"/> Maximum Calls in Queue <input type="checkbox"/> Alternate Destination <input type="checkbox"/> NAAR - Advanced <input type="checkbox"/> Other <input type="checkbox"/> Routing - On Demand
NetPROTECT SM Service	<input checked="" type="checkbox"/>		Select one: <input type="checkbox"/> Plus <input type="checkbox"/> Premium Select one: <input type="checkbox"/> All Locations <input type="checkbox"/> Only Certain Locations
AT&T Fax Advantage SM			Select one: <input type="checkbox"/> Add a New Location <input type="checkbox"/> Move an Existing Location
Other:			

Customer's Initials: MNH AT&T Representative's Initials: CM Remarks Attached: YES NO

ORIGINAL ATTACHMENT 7

RETENTION REQUIREMENT
 PREPARER 3YRS.

CUSTOMER COPY Page 13 of 16



Customer Name: Pete Wilson for President
Account Number (if known): _____
Location Name: Sacramento, CA

OUTBOUND SERVICE - APPLICATION INFORMATION

FEATURE	YES	NO	OPTIONS
Fax Machines Routes over T1.5		<input checked="" type="checkbox"/>	
Additional Outbound Calling Capabilities (Domestic Interstate is standard)			Select additional types of outbound calls to be allowed: <input type="checkbox"/> Domestic IntraLATA <input type="checkbox"/> Canada <input type="checkbox"/> International (including Canada)

INBOUND SERVICE - APPLICATION INFORMATION

FEATURE	YES	NO	OPTIONS
New 800 Numbers	<input checked="" type="checkbox"/>		Select one: <input checked="" type="checkbox"/> Basic <input type="checkbox"/> Custom Select if applicable: <input type="checkbox"/> International Add-on <input type="checkbox"/> Canada Add-on
New Routing Arrangement			
DNIS	<input checked="" type="checkbox"/>		If YES, Digits (if known): _____
Advanced Features			Select one: <input type="checkbox"/> Existing with No Changes <input type="checkbox"/> Existing with Changes <input type="checkbox"/> New Features to be Added Describe: _____
AT&T 800 5-Minute Service Assurance - Preplanned for Dedicated Access (per 800 Number)	<input checked="" type="checkbox"/>		Requires alternate access. Select all applicable: <input type="checkbox"/> Existing POTS Line via temporary 800 Readyline <input type="checkbox"/> Recorded Network Announcement <input type="checkbox"/> Another AT&T 800 Service location
Other Information			Total Number of 800 Routing Arrangements: _____ 800 Call Termination Arrangement: Normal Business Hours: _____ After Business Hours: _____ Overflow on "Busy": <input type="checkbox"/> YES <input type="checkbox"/> NO

REMARKS: (Specific to this location)

- bit rolled EBF BRES
 - Two (?) T1.5 at this location
 - All Pete Wilson locations need to be put under the lead permit of the ACAP
 - 2 month rolling deposit / letter of credit needs to be maintained

Customer's Initials: MHT AT&T Representative's Initials: CW Remarks Attached: YES NO



ORIGINAL

ATTACHMENT

DATE

FILE

RETENTION REQUIREMENT
PREPARER - 3 YRS.

Memorandum

DATE: August 21, 1985
TO: Mark G. Hoglund
FROM: A. Peter Kezinan, Jr
RE: AT&T Lease Obligations

The following Memorandum is a brief synopsis of my conversations with Robert Wright and Phil Lozzano of AT&T Credit Corporation in the context of our lease agreement. I have found Bob to patient and somewhat understanding to our situation. We have spoken infrequently and I return his calls I rarely, if ever, initiate a conversation.

On May 17, 1985, the Committee entered into a Master Equipment Lease with AT&T Credit Corporation for the Committee's telephone equipment (the "Lease"). Under the Lease, the Committee was obligated to provide a series of documents including a UCC-1 Financing Statement, an initial payment of \$12,351.68, a Lease Schedule and a secured Letter of Credit. The Committee did not provide the majority of these documents until the end of June for a variety of reasons. My initial project with the Committee was to familiarize myself with the Lease and to complete the AT&T transaction. Under these circumstances, Messrs Lozzano and Wright took the time to explain the history of our negotiations. I confirmed the situation with our office and proceeded to complete the paperwork. At the time, I asked AT&T to accept some variation of the Letter of Credit. I explained that we had not qualified for federal matching funds at the time and need more time or some flexibility on this issue. Messrs Wright and Lozzano said that they would study the issue and get back to me.

My first conversation with AT&T occurred on June 19. Christine Meyers represented AT&T at this meeting and conferenced by telephone Messrs Lozzano and Wright. During this meeting, the history of the AT&T relationship was rehashed. I learned the structure of the transactions and underlining purposes of the Lease. From this meeting in our offices, AT&T stressed the need for the Letter of Credit.

I spoke again with Mr. Lozzano in early July and was informed that AT&T could not accept a different Letter of Credit instrument. AT&T felt compelled to treat all campaigns equally and were uncomfortable with the idea of making special arrangements for the Committee. I explained that we had not received approval from our bank at this time and were still consumed with the filing of our first FEC Report. AT&T closed our conversation by stating that it was willing to wait until we secured a Letter of Credit from our bank.

I received another call from Mr. Wright on August 8 inquiring about the status of our Letter of Credit. He also telecopied the attached document. He wanted me to know that the Letter of Credit was an essential part of the Lease. He reaffirmed the fact that AT&T could not process any of the Committee's payments until all the transaction documents were completed. I told him that we were still

ATTACHMENT 7
Page 15 of 160

working with FNB and would keep him abreast of the situation I spoke with Mr Wright again on August 15 and told him that I did not have any new information and would call him as soon as something developed

Mr Wright can be reached at (201) 606-4816 and Phil Lozzano can be reached at (202) 457-2946

Attachments

11/22/2001 10:00 AM

**PETE
WILSON**
for PRESIDENT

*Rec'd in Audit
6/13/97
[Signature]*

June 28, 1995

VIA FEDERAL EXPRESS

Ms Christine Myers
AT&T Credit Corporation
Fourth Floor
1120 20th Street, N.W.
Washington, D.C. 20036

Dear Ms Myers:

Pete Wilson Committee Telephone Lease

Enclosed please find the following documents related to AT&T Master Equipment Lease Agreement, dated as of May 17, 1995 (the "Agreement"): (i) an executed copy of the Agreement; (ii) an executed Master Equipment Lease Agreement Schedule; (iii) an executed Financing Statement on a Form UCC-1; (iv) an executed Billing Information Sheet and (v) two checks, each in the amount of the \$12,351.68 which reflects our May and June payments under the Agreement.

In light of my discussions with Phil Lozzano and Bob Wright, I am in the process of establishing a line of credit for the remaining payments due and owing under the Agreement. As I discussed earlier with Messrs Lozzano and Wright, the Committee is in its early stages of development and our bank will not issue a line of credit at this time. Once the Committee has qualified for federal matching funds, which will occur on June 30 and is contingent on the completion of our initial filing with the Federal Election Commission, the Committee will become immediately eligible for a line of credit. As soon as I have received such a financial instrument from our bank, I will provide AT&T with the necessary documents to complete our obligations under the Agreement.

ATTACHMENT 8
Page 1 of 13

Ms. Christine Myers
June 28, 1995
page two

Thank you for all your efforts on this matter. Please call me at (916) 554-7350 if you have any further questions

Sincerely,

A. Peter Keziran, Jr.
A. Peter Keziran, Jr.

Enclosures

92822 563 40 66

ATTACHMENT 8
Page 7 of 13

remedies made by Seller pursuant to the Purchase Documents, and Lessee waives any recovery resulting from any such enforcement efforts TO THE EXTENT PERMITTED BY APPLICABLE LAW. LESSEE WAIVES ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE AND ANY RIGHTS NOW OR HEREAFTER CONFERRED BY STATUTE OR OTHERWISE THAT MAY LIMIT OR MODIFY LESSOR'S RIGHTS AS SET FORTH IN THIS SECTION OR OTHER SECTIONS OF THIS AGREEMENT.

20. **WARRANTIES.** Lessee represents, warrants and covenants to Lessor that it is an individual, Lessee is duly organized, validly existing and in good standing under applicable law; (b) Lessee has the power and authority to enter into this Agreement, all Schedules and all other related instruments or documents or (collectively, Fundamental Agreements); (c) such Fundamental Agreements are enforceable against Lessee in accordance with their terms and do not create a default under any instrument or agreement binding on Lessee; (d) there is no pending or threatened action or proceedings before any court or administrative agency that could have a material adverse effect on Lessee or any other Fundamental Agreement, unless such actions are disclosed to Lessor and consented to by Lessor; (e) Lessee shall comply in all material respects with all Federal, state and municipal laws and regulations the violation of which could have a material adverse effect upon the Equipment or Lessee's performance of its obligations under this Fundamental Agreement; (f) Lessee shall obtain all governmental approvals necessary for it to enter into and perform each Fundamental Agreement; (g) each Fundamental Agreement shall be effective against all creditors of Lessee under applicable law, including fraudulent conveyance and bulk transfer laws, and shall release Lessee from all liability, including financial statements and other related obligations; (h) Lessee shall be prepared in accordance with generally accepted accounting principles and shall present Lessee's financial position as of the date given on such schedule; (i) Lessee shall furnish Lessor with its certified financial statements, all minutes, resolutions, and such other information and documents as Lessor reasonably requests; (j) ALL EQUIPMENT IS LEASED FOR BUSINESS PURPOSES ONLY, AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES; and (k) if Equipment is tangible personal property and shall not become a real property under Lessee's use thereof. Lessee shall be deemed to have accepted the foregoing warranties each time it executes any Fundamental Agreement.

21. **GENERAL INDEMNITY.** Lessee shall indemnify, hold harmless, and if so required by Lessor, defend Lessor against all claims (Claims) directly or indirectly arising out of or connected with the Equipment or any Fundamental Agreement, whether or not Lessee is liable therefor, damages, penalties, expenses (including legal fees), costs, actions, and suits whether based on a theory of strict liability or otherwise, and includes but is not limited to, matters regarding: (a) the manufacture, purchase, acceptance, rejection, ownership, delivery, title, use, maintenance, use condition, return or operation of the Equipment; (b) defects or other defects in any Equipment, whether or not discovered by Lessee; (c) any patent, trademark or copyright infringement; and (d) the use of any Equipment arising or existing during Lessee's use.

22. **RENTAL; EXTENSION OF TERM.** Unless Lessee purchases the Equipment pursuant to the applicable Schedule, or acquires the Equipment pursuant to Section 13 hereof, Lessee shall: (a) its expenses, demerit, inspect, test and pack the Equipment at the expiration of the Term, free of all fees and charges; (b) by delivering it on board such common carrier as Lessor may specify in writing prior to any destination within the United States of America specified on the applicable Schedule; (c) if Lessor so requests, Lessor and its agents shall have the right to enter premises where Equipment may be located to perform any of Lessee's obligations set forth in this Section 22; and Lessee shall reimburse Lessor for all costs incurred by Lessor in fulfilling such tasks. Lessee agrees that the Equipment, when delivered to Lessor, shall be in the same condition as when delivered to Lessee, less wear and tear, excepted, and certified as being eligible for Lessor's or the Lessor's general available maintenance contract at then prevailing rates. Lessee shall be liable for all costs and expenses Lessor incurs to place the Equipment in and out of storage, if requested by Lessor. Lessee, at its expense, shall store the Equipment on its premises for a reasonable period, during which period the Equipment shall be subject to all of the terms and conditions hereof, except for the obligation to make Rental Payments. In all instances where Lessee is returning Equipment to Lessor, Lessee shall give Lessor written notice thereof in accordance with the applicable Schedule. If Lessee fails to provide the aforementioned notice or return Equipment to Lessor in its time and manner provided above, the Term shall be extended in accordance with the terms of the applicable Schedule. If any Term is extended pursuant to the preceding paragraphs, Lessee shall continue to make the periodic Rental Payments in effect prior to the expiration of the Term, and the applicable Schedule, whether it be the initial Term or any Term (Applicable Term) or such other periodic rental payment schedule as set forth in such extension period in the Schedule, and all other provisions of this Agreement shall continue to apply.

23. **EVENT OF DEFAULT.** Any of the following shall constitute an Event of Default under this Agreement and all Schedules: (a) Lessee fails to pay any Rental Payment when due in full to Lessor hereunder within 10 days after its due date; (b) Lessee fails to perform or observe any other representation, warranty, covenant, or agreement to be performed or observed by Lessee hereunder or in any other Fundamental Agreement, or in any agreement with any other person that in the opinion of Lessor is a material agreement, and Lessee fails to cure any such Event of Default within 10 days after notice thereof; or (c) any representation or warranty made by Lessee hereunder, or in any other instrument provided to Lessor by Lessee, proves to be false in any material respect when made; or (d) Lessee makes an assignment for the benefit of creditors, whether voluntary or involuntary; or (e) a proceeding under applicable law, including reorganization, arrangement of debts, insolvency or receivership, or liquidation of Lessee or Lessee takes any action to surrender any of the matters; or (f) Lessee becomes insolvent or fails generally to pay its debts when due, the Equipment is levied against, seized or attached, or Lessee declares a bankruptcy or is placed in receivership or is assigned, or Lessee is declared bankrupt or involuntarily bankrupt or is dissolved, or terminated or is terminated, or a receiver is appointed or a receiver is appointed to Lessor under this Agreement, or a receiver is appointed to Lessor under this Agreement in connection with the Event of Default described in (a) through (f) above; or (g) any letter of credit required pursuant to any Schedule is cancelled, terminated or not renewed during the Term of any such Schedule.

24. **REMEDIES.** In an Event of Default occurs, Lessor may, in its sole discretion, (a) terminate this Agreement or any Schedule, or (b) take possession of, or repossess, any Equipment. The Equipment may be located without demand or notice, without any court process or law and without liability to Lessee for any damages caused by such action, and no such action shall constitute a termination of any

21. **LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS.** If Lessee fails to perform any of its obligations hereunder, Lessor may perform any act or make any payment that Lessor deems reasonably necessary for the maintenance and preservation of the Equipment and Lessor's interests therein; provided, however, that the performance of any act or payment by Lessor shall not be deemed a waiver of or release Lessee from the obligation at issue. All sums so paid by Lessor, together with expenses (including legal fees and costs) incurred by Lessor in connection therewith, shall be paid to Lessor by Lessee immediately upon demand.

22. **FINANCING OF ADDITIONS.** If, under any Schedule, Lessee wishes to make any addition to the Equipment, Lessee shall, in writing, request Lessor to finance the cost of such addition. Lessee shall provide Lessor with the terms under which it wishes to obtain the financing, and upon receiving such a request Lessor shall, in its sole discretion, whether to provide such financing. If Lessor does not, within 20 days after receiving Lessee's request, offer to finance the addition upon the terms requested by Lessee, Lessee may obtain credit from third parties for financing the addition, and Lessee shall notify Lessor of the details of any third party financing offer Lessee would like to accept (Third Party Offer). If Lessor has not made a financing offer to Lessee on terms substantially similar to the Third Party Offer within 20 days of receiving Lessee's request, Lessee may accept the Third Party Offer unless (a) the aggregate cost to Lessee of obtaining financing from the Third Party Offer is greater than the aggregate cost under Lessor's financing offer; (b) the Third Party Offer would create a security interest in, or a lien on, the Equipment; or (c) the addition is not permitted under Section 11(d) hereof.

23. **ASSIGNMENT BY LESSOR.** Lessor shall have the unqualified right to assign, pledge, transfer, mortgage or otherwise convey any of its interests hereunder or in any Schedule or any Equipment, in whole or in part, without notice to, or consent of, Lessee. If any Schedule is assigned, Lessee shall: (a) unless otherwise specified by the Lessor and the assignee (Assignee) specified by Lessor, pay all amounts due under the applicable Schedule to such Assignee, notwithstanding any defense, setoff or counterclaim whatsoever that Lessee may have against Lessor or Assignee; (b) not permit the applicable Schedule to be amended or the terms thereof waived without the prior written consent of the Assignee; (c) not require the Assignee to perform any obligations of Lessor, other than those that are expressly assumed in writing by such Assignee; and (d) execute such acknowledgments thereto as may be requested by Lessor. It is further agreed that: (1) each Assignee shall be bound to all of Lessor's rights, powers and privileges under the applicable Schedule, to the extent assigned; (2) any Assignee may reassign its rights and interests under the applicable Schedule with the same force and effect as the assignment described herein; and (3) any payments received by the Assignee from Lessee with respect to the assigned portion of the Schedule shall, to the extent thereof, discharge the obligations of Lessee to Lessor with respect to the assigned portion of the Schedule. **LESSEE ACKNOWLEDGES THAT ANY ASSIGNMENT OR TRANSFER BY LESSOR OR ANY ASSIGNEE SHALL NOT MATERIALLY CHANGE LESSEE'S OBLIGATIONS UNDER THE APPLICABLE SCHEDULE.**

24. **ASSIGNMENT OR SUBLEASE BY LESSEE WITHOUT LESSOR'S PRIOR WRITTEN CONSENT.** LESSEE SHALL NOT ASSIGN THIS AGREEMENT OR ANY SCHEDULE OR ASSIGN ITS RIGHTS IN OR SUBLET THE EQUIPMENT OR ANY INTEREST THEREIN; provided, however, that Lessee may sublease or assign a Schedule to an affiliate or a wholly-owned subsidiary of Lessee if: (a) Lessee and such sublessee or assignee execute and deliver to Lessor a writing (to be provided by Lessor) whereby the sublessee or assignee agrees to assume joint and several liability with Lessee for the full and prompt payment, observance and performance when due of all of the obligations of the Lessee under such Schedule; and (b) Lessor consents to such sublease or assignment, which consent shall not be unreasonably withheld. In no event, however, shall any such sublease or assignment discharge or diminish any of Lessee's obligations to Lessor under such Schedule.

25. **SURVIVAL; QUIET ENJOYMENT.** All representations, warranties and covenants made by Lessee hereunder shall survive the termination of this Agreement and shall remain in full force and effect. All of Lessor's rights, privileges and indemnities, to the extent they are fairly attributable to events or conditions occurring or existing on or prior to the termination of this Agreement, shall survive such termination and be enforceable by Lessor and any successors and assigns. So long as no Event of Default exists, and no event has occurred and is continuing that with notice of the type of time or both would constitute an Event of Default, neither Lessor nor any Assignee will interfere with Lessee's quiet enjoyment of the Equipment.

26. **FILED FEES; FURTHER ASSURANCES; NOTICES.** Lessee will promptly reimburse Lessor for any filing or recordation fees or expenses (including lien search fees, legal fees and costs) incurred by Lessor in perfecting or protecting its interests in the Equipment and under this Agreement. Lessee shall promptly execute and deliver to Lessor such documents and take such further action as Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to protect the rights and remedies of Lessor created or provided to be created hereunder. All notices under this Agreement shall be sent to the respective party at its address set forth on the front page of this Agreement or on the applicable Schedule or at such other address as the parties may provide to each other in writing from time to time. Any such notice mailed to said address shall be effective when deposited in the United States mail, duly addressed and with first class postage prepaid.

27. **WAIVER OF JURY TRIAL; SUCCESSORS.** LESSEE AND LESSOR EACH IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION OR PROCEEDING UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT, ANY OTHER FUNDAMENTAL AGREEMENT, OR THE DEALINGS OR RELATIONSHIP BETWEEN OR AMONG LESSOR, LESSEE, SELLER OR ANY OTHER PERSON. This Agreement and all Schedules shall be binding upon the permitted successors and assigns of Lessor and Lessee.

28. **NO WAIVER; LESSOR APPROVAL.** Any failure by Lessor to require strict compliance by Lessee, or any written waiver by Lessor of any provision hereof, shall not constitute consent or waiver of any other breach of the same or any other provision hereof. Neither this Agreement nor any other Fundamental Agreement shall be binding upon Lessor unless and until executed by Lessor.

29. **CAPIONS; COUNTERPARTS; LESSOR'S AFFILIATES.** The capions contained in this Agreement are for convenience only and shall not affect the interpretation of this Agreement. Only one counterpart of the Schedule shall be marked "Original" (Original), and all other counterparts thereof shall be marked as such, and shall be identical. To the extent that any Schedule constitutes metal paper (as such term is defined in the Uniform Commercial Code in effect in any applicable jurisdiction), no security interest in such Schedule may be created through the transfer or possession of any counterpart other than the Original. Lessee understands and agrees that AT&T Capital Corporation or any affiliate or subsidiary thereof may as lessor execute

AT&T
Capital Corporation

Master Equipment Lease Agreement Schedule

MELAN
CC059
82-24

Pete Wilson For President Exploratory Committee, Inc.	LESSOR: AT&T Credit Corporation	
1020 12th Street, Suite 300	2 Gatehall Drive, Parsippany, NJ 07054	
Sacramento, CA 95814	Lease Number FN00072	Equipment Number 00010

Description of Items to be Leased (the Equipment)	Total Price Including Installation/One-Time Charges	
	<p>Equipment \$165,580.49 Sales Tax 7.75% 12,832.49</p> <p>Sub Total \$178,412.98</p> <p>Installation 33,999.50 Shipping 952.14</p>	

<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No a fair market value purchase rental value renewal option	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (1) a fixed price purchase option 10% or _____ % of the Total Purchase Price. Once renewal option of _____ % Rental Payment	Total This Page \$213,364.62
(2) CONDITIONS OF THE FOREGOING OPTIONS AND OTHER PROVISIONS ARE SET FORTH ON THE BACK OF THIS SCHEDULE		Sub Total(s) from Attached () Additional Pages -
(3) CONDITIONS OF THE FOREGOING OPTIONS AND OTHER PROVISIONS ARE SET FORTH ON THE BACK OF THIS SCHEDULE		Total Purchase Price (Sum of total prices including installation/one-time charges) \$213,364.62
Advance Rent \$12,351.68		Rental Payment \$12,351.68
Rental Payment Period Monthly		Latest Commencement Date 6-1-95
Length of Initial Term 19 Months		

THIS SCHEDULE SHALL BE GOVERNED BY THE TERMS AND CONDITIONS OF THE MASTER EQUIPMENT LEASE AGREEMENT REFERENCED BY THE LEASE NUMBER SPECIFIED ABOVE (AGREEMENT). LESSEE AS LESSEE AND LESSOR OR AT&T CAPITAL CORPORATION OR ANY AFFILIATE OR SUBSIDIARY THEREOF AS LESSOR, AND BY THE TERMS AND CONDITIONS SET FORTH ON THE BACK OF THIS SCHEDULE PURSUANT TO SUCH TERMS AND CONDITIONS, WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS. LESSEE AGREES TO GO BACK ON THE SCHEDULE PURSUANT TO SUCH TERMS AND CONDITIONS, WHICH LESSEE ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS. LESSEE AGREES TO GO ON AS SPECIFIED BELOW AND LESSOR AGREES TO LEASE TO LESSEE THE ABOVE REFERENCED EQUIPMENT IT IS UNDERSTOOD AND AGREED THAT THE TERMS AND CONDITIONS MAY BE DIFFERENT FROM THE TERMS AND CONDITIONS OF PRIOR SCHEDULES AND THAT ANY ASSIGNMENT OR TRANSFER PURSUANT TO SECTION 23 OF THE AGREEMENT BY ASSIGNEE SHALL NOT MATERIALLY CHANGE LESSEE'S OBLIGATIONS HEREUNDER. LESSEE REPRESENTS AND WARRANTS THAT IT SHALL LOOK ONLY TO THE LESSOR FOR ANY WARRANTIES RELATING TO THE EQUIPMENT AND THAT IT EITHER HAS REVIEWED, APPROVED AND RECEIVED A COPY OF THE APPLICABLE PURCHASE DOCUMENTS OR HAS BEEN SOA THAT IT MAY HAVE RIGHTS UNDER THE PURCHASE DOCUMENTS AND MAY CONTACT SELLER FOR A DESCRIPTION OF SUCH RIGHTS TO THE EXTENT PERMITTED BY APPLICABLE LAW. LESSEE AGREES TO WAIVE ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON LESSEE BY ARTICLE 24 OF THE UCC AND ANY RIGHTS NOW OR HEREAFTER CONFERRED BY STATUTE OR REGULATION OR MAY LIMIT OR MODIFY THE LESSOR'S RIGHTS AS DESCRIBED IN THE AGREEMENT, THIS SCHEDULE OR ANY OTHER FUNDAMENTAL AGREEMENT (AS DEFINED IN THE AGREEMENT).

Pete Wilson For President Exploratory Committee, Inc. AT&T CREDIT CORPORATION
 5-18-95
 X

PRICING REPORT
 PETE WILSON FOR PRESIDENT

05/05/95 12:13

4759179 Config # 6
 tem ID: G3V2

Page: 1
 CFS Proj Code: 956F0332

Code	Qty	Description	Purchase \$	Install \$	Mo Maint \$
0-ET7	1	715CBS TERM W	852.75	60.00	9.90
4-ARS	1	ARS SOFTWARE-	0.00	460.00	0.00
4-FEA	1	FEA SOFTWARE-	538.85	0.00	0.00
4-IBJ	1	G3IV3 RTU BXB	11220.00	0.00	0.00
41	1	6306 PAR INTE	33.00	10.00	0.00
69	1	80 COL PAR PR	294.00	50.00	8.00
33-03B	41	8403 DIGITAL	4649.40	1886.00	75.85
14-04B	11	8410 DIGITAL	1996.80	638.00	30.35
35 05B	21	8410 DIC UT W	8418.85	1218.00	38.85
36-07B	4	8434 TERM W/P	2508.00	340.00	7.40
318	2	DXB BLACK	1452.00	80.00	0.00
74-10B	2	30251 CONSOLE	2772.00	280.00	0.00
25-18C	1	CRD M25B M823	55.00	8.00	0.00
53-CL:	2	RTU D-AUDIX C	3240.00	100.00	0.00
53-D31	1	RTU DA3.1 NW	5670.00	450.00	50.00
53-DVP	3	RTU 2 FORTS B	41080.00	1800.00	445.00
60-06A	1	UTDRN REP SIM	250.00	0.00	0.00
482	1	DA3.1 TAPE RE	330.00	0.00	0.00
300-12B	1	831 SINGLE MO	11418.00	3445.00	125.00
3010	1	838 SENSITIV	3448.00	0.00	0.00
3114	1	DID LINE INTR	1688.88	78.00	13.40
3115	2	CO TRUNK INTE	3321.00	140.00	24.80
3116	2	DID TRUNK INT	3321.00	140.00	24.80
3136	2	16 FT ANLO TR	6601.30	190.00	49.60
3148	1	BCS SECURITY	52.65	0.00	0.00
3153P	1	PROCESSOR INT	826.20	80.00	0.00
3156	3	DS1/DNI TR IN	9829.35	330.00	111.60
3185	3	120A1 CSU MOD	5832.00	255.00	45.00
3190	15	STANDARD CBL	510.30	140.00	0.00
3198	3	DS1 CABLE	243.00	30.00	0.00
3210	2	SWRM SNEAK FU	607.50	240.00	0.00
3212	3	SWRM 188B1 AD	24.30	105.00	0.00
3213	1	SWRM AUXILIAR	266.00	35.00	0.00
3214	2	SWRM 1PR JUMP	32.40	0.00	0.00
3215	1	SWRM 2PR JUMP	36.45	0.00	0.00
3216	4	SWRM 110AC AD	1134.00	140.00	0.00
3302	1	CABLE BLACK M	162.00	140.00	0.00
3353	1	CALL CLASSIFY	1506.60	95.00	0.00
33841	7	16 PORT DCP 2	18942.00	665.00	173.60
35262	1	EMERGENCY TRN	627.75	290.00	0.00
35399	1	ISOLATING DAT	185.30	70.00	0.00
7021-D15	1	DEFINITY AUDI	12960.00	900.00	100.00
70308	1	CABLE CON ASS	48.60	7.50	0.00
32307	2	8403 D80 CD P	0.00	0.00	0.00
32310	1	108 D80 CD PK	0.00	0.00	0.00
32315	1	10/248 D80 CD	0.00	0.00	0.00
X600-SMZ	1	01 SHIP LOOSE	0.00	0.00	0.00
70740	1	DA3.1 CUST DO	330.00	0.00	0.00

AT&T ONE - BRANCH ORDER
EQUIPMENT

05/05/95 12:21
Page: 1
Status INT

5018579 Seg# 1 (2)

Qty	Attr	PK Code	Description	One Time \$	Monthly \$	Trm	INCPL
1		0341-001	CAA V1 INIT & TR	1575.00	0.00	999	NONNN
1		0341-004	CUSTOM RATE TABL	495.00	0.00	999	NONNN

99.04.393.2844

eg: OT \$	2090.00	(Inc Ship \$	0.00)	MO \$	0.00
rd: OT \$	2090.00	(Inc Ship \$	0.00)	MO \$	0.00

PRICING REPORT
 PETE WILSON FOR PRESIDENT

05/05/95 12:13

4759179 Config # 6
 Item ID: MISC-ADD

Page: 1
 CPS Proj Code: 958F0332

Code	Qty	Description	Purchase \$	Install \$	No Maint \$
2-501	1	CAS WIN SFTW/	7543.00	300.00	82.00
0-RAF	1	NO MATERIAL	0.00	0.00	0.00
3-IPC	10000	INCREM PREMIUM	0.00	10000.00	0.00
5-LB1	912	LABOR CHARGES	0.00	912.00	0.00
5-MT1	8567	MATERIAL CHRG	8567.00	0.00	0.00

2482 163 40 66

total

Total \$	16110.00	19412.00	82.00	
			Total \$	35322.80
			Shipping \$	64.05
			Total Purchase Price \$	35386.85

PRICING REQUEST
PETE WILSON FOR PRESIDENT

CPS Proj Code: 958F0332

4759179 Config # 4
tem ID: 03V2

Code	Qty	Description	Purchase \$	Install \$	No Maint \$
0-BNL	1	01 SHIP LOOSE	0.00	0.00	0.00

09.04.93.2842

WIL
✓

Sub-Total \$	149469.69	14987.50	1102.15	16405
			Total \$	
			Shipping \$	88
			Total Purchase Price \$	16494



44 Whippany Road
Whippany, NJ 07980
201 987-3000

BILLING INFORMATION REQUEST

ORDER FOR AT&T CREDIT CORPORATION TO PROPERLY BILL AND CREDIT YOUR ACCOUNT, IT IS NECESSARY
IF YOU COMPLETE THIS FORM AND RETURN IT WITH THE SIGNED DOCUMENTS.

CUSTOMER LEGAL NAME Pres Wilson For President Exploratory Committee, Inc.

BUSINESS ADDRESS 1020 12th Street, Suite 300

Sacramento, CA 95814

CONTACT PERSON Mary H. Hayes
(Name of individual who will process payments)

TELEPHONE NUMBER (916) 564-1996

SHIPMENT LOCATION (if different from above) _____

ARE YOU SALES/RENTAL TAX EXEMPT? _____ IF SO, PLEASE ATTACH A COPY OF YOUR CERTIFICATE AND
TURN WITH THIS FORM

SPECIAL INSTRUCTIONS _____

MARK YOU
BY CREDIT CORPORATION

Mary H. Hayes
CUSTOMER SIGNATURE

OFFICE COPY

ATTACHMENT 8
10 of 13

44 "011" 393 "2244"

UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1


NO CHARGE FROM REGISTRAR
 \$11.00 (2013)
 \$11.00 (2014)
 \$11.00 (2015)

1. FILING TIME: This form is filed by the secured party.
2. FILING OFFICE: This form is filed in the state of California.
3. FILING OFFICE: This form is filed in the state of California.
4. FILING OFFICE: This form is filed in the state of California.
5. FILING OFFICE: This form is filed in the state of California.
6. FILING OFFICE: This form is filed in the state of California.
7. FILING OFFICE: This form is filed in the state of California.
8. FILING OFFICE: This form is filed in the state of California.
9. FILING OFFICE: This form is filed in the state of California.
10. FILING OFFICE: This form is filed in the state of California.

1. FINANCING STATEMENT is presented to a living officer for filing pursuant to the Uniform Commercial Code	2. Secured Party(ies) and address(es) AT&T Credit Corporation 2 Gatehall Drive Parsippany, NJ 07054	3. Maturity date (if any) For Filing Officer (Date, Time, Number, and Filing Office)
Debtor(s) (Last Name First and address(es)) ete Wilson For President Exploratory Committee, Inc. 1012th Street, Suite 300 Sacramento, CA 95814		
ID/Social Security No		

This financing statement covers the following types (or items) of property:
 Equipment subject hereto shall include the AT&T Definity G31 and all other items of equipment set forth in the attached copies of the equipment orders between lessee and seller, consisting of 4 pages, and all amendments or supplements to such equipment orders as reflected in the seller's invoice to AT&T Credit Corporation Account #: FN00072-00010

The statement is filed without the debtor's signature to perfect a security interest in collateral (check 1 and 2) or to a security interest in another jurisdiction when it was brought into this state (check 3) or proceeds of the original collateral described above in which a security interest was perfected (check 4) if covered 5. Proceeds of Collateral are also covered 6. Products of Collateral are also covered No of additional filings (entered)

ete Wilson For President Exploratory Committee, Inc.
 By: 
 Signature(s) of Debtor(s)

STANDARD FORM - UCC-1

1328
PETE WILSON FOR PRESIDENT
EXPLORATORY COMMITTEE INC.
1020 - 12TH ST., SUITE 300
SACRAMENTO, CA 95814

5/28 1995

11:24
13MAY95

PAY TO THE ORDER OF ATT CREDIT CORP.

\$12,251.68

twelve thousand three hundred fifty one dollars ⁶⁸/₁₀₀ DOLLARS

SACRAMENTO MAIN OFFICE
WELLS FARGO BANK
400 CAPITOL Mall, SACRAMENTO, CA 95814


Mary H. Hayes

FOR _____
⑆001328⑆ ⑆121000248⑆0339 120610⑆

9482 262 40 66

PETE WILSON FOR PRESIDENT
COMMITTEE INC.
1020 - 12TH ST. SUITE 200
SACRAMENTO, CA 95814

1509

DATE 6/27/95

11-24
(12/80)

PAY TO THE ORDER OF ATT Credit Corp

twelve thousand three hundred fifty one dollars $\frac{68}{100}$ dollars

\$12,351.68

SACRAMENTO MAIN OFFICE
WELLS FARGO BANK
400 CAPITOL Mall SACRAMENTO, CA 95811

W. Wilson

MARY HUGHES

FOR

⑆001509⑆ ⑆1210002481⑆0339 120610⑆

ATTACHMENT 8
Page 13 of 13

44882 263 43 56

04022" 260E" 40" 65



Ellis L. Kestner
Special Accounts Director,
White House,
Department of State

July 17, 1997

Room 614
2020 K Street NW
Washington, DC 20006-1817
202 489-8512
RES 801 682-6318
FAX: 202 489-8545
PAGER 202 757-1111 PIN 4273
EMAR ekestner@state.gov

Mr. Benjamin L. Ginsberg, Esq.
Fenton Boggs, L.L.P.
2250 M Street N.W.
Washington, D.C. 20037

Dear Mr. Ginsberg

In response to your request I have reviewed my files relative to the professional relationship my organization had with the Pete Wilson for President Campaign Committee. Following is my understanding of the facts.

My organization has the responsibility within AT&T to market our products and services to political campaigns. In this capacity Ms. Christine Myers, who was with my organization in 1995 and 1996, proposed an AT&T (now Lucent) Definity PBX System for the campaign's California Headquarters'. Her proposal was tendered on April 16, 1995. On May 2, 1995 Ms. Carrie Rowland of the committee confirmed in writing, the committee's intent to acquire the Definity System.

Coincident with the proposal, on April 25, 1995 Mr. Phil Luzzano of AT&T Capital Corporation (no longer an AT&T subsidiary), submitted finance terms and conditions to the committee for the purchase of the Definity System via a lease arrangement. The terms and conditions were accepted by Mr. Craig Fuller, Campaign Chairman, on May 8 1995.

At that point in time I considered AT&T had an enforceable contract with the committee for purchase of the system. AT&T immediately began the process of designing, shipping and installing the system in Sacramento. The main system was installed in June of 1995, coincident with training committee personnel on the administration and operation of the system. Completion of this phase of installation is the point in time when customers take title to the equipment.

As typically happens, modifications to and additional capacity for the system was performed regularly until early fall 1995. My records are incomplete in this regard.



9
1 cc 2

Soon after Governor White announced his withdrawal from the campaign, I instructed my organization to institute aggressive collection procedures to insure full payment to AT&T for the system. The final bill for all charges in the amount of \$236,709.48 was rendered in January of 1996. AT&T received full payment.

My understanding is that the committee subsequently sold the system to Veriase Corporation. Please advise if additional documentation is required.

Sincerely,

Ellis L. Kitchen
Ellis L. Kitchen

0582 363 40 66