



FEDERAL ELECTION COMMISSION
Washington, DC 20463

MAR 23 1999

Diane M. Fishburn, Esq.
Olson, Hagel, Leidigh, Waters & Fishburn, LLP
555 Capitol Mall, Suite 1425
Sacramento, CA 95814

RE: MUR 4749
Napolitano for Congress
Yolanda Dyer, Treasurer
Grace Flores Napolitano
Frank Napolitano

Dear Ms. Fishburn:

On May 22, 1998, the Federal Election Commission (the "Commission") notified your clients—Napolitano for Congress, Yolanda Dyer, and Grace Flores Napolitano—of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act"). On October 21, 1998, the Commission notified your client—Frank Napolitano—of a complaint alleging violations of certain sections of the Act.

On March 10, 1999, the Commission found, on the basis of the information in the complaint and information provided by you on behalf of your clients, that there is no reason to believe: that Napolitano for Congress violated 2 U.S.C. § 441a(f) with respect to its receipt of candidate loans; that Grace Flores Napolitano violated 2 U.S.C. § 439a with respect to the interest rate charged on one of the candidate loans; or that Frank Napolitano violated 2 U.S.C. § 441a(a)(1)(A) in connection with the making of the candidate loans.

On the same date, the Commission found reason to believe that Napolitano for Congress violated 2 U.S.C. § 441a(f) with respect to the receipt of an excessive in-kind contribution from Luigi A. Vernola. However, after considering the circumstances, the Commission determined to take no further action against Napolitano for Congress regarding this finding and closed the file in this matter. The General Counsel's Report, which formed a basis for the Commission's findings, is attached for your information.

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The Commission reminds your clients that accepting excessive in-kind contributions is a violation of 2 U.S.C. § 441a(f). Your clients should take steps to ensure that this activity does not occur in the future.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact Robert Knop, the staff member assigned to this matter, at (202) 694-1650.

Sincerely,



Scott E. Thomas
Chairman

Enclosure
General Counsel's Report