

**FRIENDS
OF
DON CHAIREZ FOR CONGRESS
187 Springfield St.
Henderson, Nevada 89014
(702) 436-7836 (Telephone)**

December 28, 1998

F. Andrew Turley
Supervisory Attorney
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4862
C00337352

Dear Mr. Turley:

Since all of my campaign workers, both aid and unpaid, left my campaign within days after the election was over, the responsibility of auditing my campaign account and answering this inquiry has fallen on my shoulders. Since many of the financial records were not given to me until Tuesday, December 15, 1998, I thank you again for the additional time I was given to respond to this complaint.

In essence, the complaint alleges \$27,000 in questionable campaign contributions and alleges that no "primary debt" existed for my committee to be justified in asking to retire this "debt." Secondly, the complaint alleges that we accepted contributions from local candidate committees and questions whether these candidates received enough campaign funds from federally permissible sources to cover these contributions. Thirdly, the complaint properly alleges that we received \$1,000 from the Henderson Police Officer's Association (HPOA) on August 10, 1998 during the primary election. This contribution was returned to the HPOA earlier this month and will be reflected on our next FEC filing.

A. MISTAKEN ENTRIES ON FEC FILING

The complaint alleges that my committee received a \$2,000 contribution from Ralph Englestad on October 9, 1998 and a \$2,000 from Ernie Becker, Jr. on October 2, 1998. Mr. Englestad's attorney sent us a letter advising us that our reporting on the FEC form was wrong and requested that \$1,000 be reattributed as a contribution from his wife Betty and that both of their contributions are to be applied to the general election. I spoke with Ernie Becker, Jr. and he informed me that he already sent you a letter asking that his contribution was to be reattributed as well, and that \$1,000 was from his wife Kathleen and was to be applied to the general election.

The \$3,000 contribution from Paul Lowden was improperly reported on our part. Paul Lowden donated \$2,000 on July 14, 1998. On October 14, 1998, his wife Sue Lowden donated \$1,000 at an event that she attended. The check written on October 14 clearly shows Mrs. Lowden's signature, but when the data was being entered, Paul's name, the first name on the check was typed in as the contributor. This too will be corrected on our next FEC filing.

B. MONEY RETURNED

Virginia Richardson requested that \$1,000 of her \$2,000 contribution be returned. My committee has honored her request.

The \$1,000 contribution received by the Henderson Police Officer's Association was returned earlier this month. On October 29, 1998 and reflected on page 46 of our December 3rd report, the contributions from Sandra Tiffany (\$1,000), Barbara Cegavske (\$100.00) and Micki Johnson (\$50.00) were all returned.

All three of these women were candidates for local office and filed the proper "Contribution and Expense" Reports with the Secretary of State's Office in Carson City. These reports are available on the Internet and confirm that more than enough funds received by these candidates were from private individuals written on their personal checking accounts; in other words, federally permissible sources. However, we could not find a regulation in 11 CFR or your December '95 Candidate's Campaign Guide so we erred on the safe side and returned the contributions.

C. \$25,000 LOAN FROM CANDIDATE

On June 30, 1998 I wrote a check for \$25,000 with a check from my VISA account and clearly labeled the check as a loan. My

campaign consultant at the time, Carlos Rodriguez, told me and maintains that this \$25,000 was a loan. The press release issued by Bob Spretnak, my on-site manager and Deputy Treasurer indicates that this \$25,000 check was a loan from the candidate (see attached copy of check and news story.) This \$25,000 has never been repaid.

Cynthia White and Robert Spretnak, the two individuals responsible for filling out my F.E.C. reports had never before worked on a political campaign. Mrs. White is not even a CPA or bookkeeper and was never paid a penny for the hundreds of hours she spent organizing the books and entering data.

We never had access to Aristotle or any of the state-of-the-art software programs that deal exclusively with federal races and your guidelines. The only software program we used was the government-issued software you provided to us back in June. One of Mrs. White's complaints was the difficulty in making amendments once data was entered. She also says the program was not the most user-friendly.

Bob Spretnak, the campaign manager and Deputy Treasurer, had never worked on a campaign before either. His interpretation of "primary debt" is different than the technical interpretation used by the F.E.C. He interpreted debt as financial obligations incurred during the primary election. In the first two weeks of September he paid over \$20,000 of expenses incurred during the primary (debts?) with money from our general account, rather than waiting for specifically ear-marked money for primary debt reduction.

Since the election I have contacted Trudy Barksdale who has assisted me in filing amendments to all of my FEC filings. Mrs. Barksdale's experience and knowledge was lacking in all of our earlier F.E.C. filings. I believe the amendments she has assisted us with clearly show that from the beginning we have been in compliance with your regulations, or at the very least have attempted to use our "best efforts" to be in compliance with all of your rules.

The amendments we have filed should answer the questions raised in the complaint. It will also show that money was due and owing for rent, which has all been paid this month, and should answer the last of Mr. DeLap's charges.

Finally, although you requested and advised that this matter remain confidential, it was leaked to the press several weeks ago. I am enclosing a copy of the news story. The real motivation for Mr. DeLap's complaint is not that he believes that we violated the law, but to embarrass me politically. I believe this is an abuse of the law. Furthermore, Stuart Rothenberg, in the Rothenberg

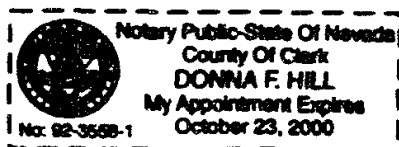
If you need further information, please feel free to contact me at the address listed on this stationery.

Sincerely,

Don P. Chairez
Don P. Chairez

STATE OF NEVADA)
) : ss
COUNTY OF CLARK)

Subscribed and sworn to before me on
December 28, 1998 by Don P. Chairez.



Donna F. Heel
(Signature of notarial officer)

My commission expires: 10-23-2000

Cont Change

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LAS VEGAS REVIEW JOURNAL

Wednesday, July 15, 1998

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Berkley's political fund raising not hindered by disclosures

By Tony Batt
Donrey Washington Bureau

WASHINGTON -- Democratic congressional candidate Shelley Berkley raised \$185,000 in campaign contributions the past three months, most of it coming after the disclosure she had advised a former boss to offer political favors in exchange for a new hotel project.

The Las Vegas woman received at least \$53,369 in individual contributions and almost \$50,000 in donations from political action committees, or PACs, after the first newspaper article on the disclosure appeared June 4.

She may have received more, but contributions that do not exceed \$200 do not have to be reported on Federal Election Commission documents.

"If anything, it (the newspaper articles on the disclosure) has energized my campaign," said Berkley, who was in Washington on Tuesday after attending a meeting of the executive board of the American Israel Public Affairs Committee.

"It made my supporters more interested in securing the success of this campaign," she said.

So far, Berkley has raised \$775,571 for her campaign, including \$361,714 this year. At the end of June, Berkley reported having \$545,582 in the bank.

Bob Spretnak, campaign manager for former District Judge *Don Chairez*, who is seeking the Republican nomination, said he is not surprised Berkley received more money after last month's publicity.

"I would be curious to see where the money came from and what the expectations are for that," Spretnak said.

Chairez, who announced his candidacy just two months ago, had raised almost \$81,000 by the end of June. The total included a \$25,000 loan as well as individual contributions of almost \$46,000 and a PAC donation of \$10,000 from Mirage Resorts. His cash on hand totaled \$77,204.

Prime Cable account executive *Esther Quisenberry* reported having raised \$83,605 for the GOP primary race and having \$43,029 cash on hand.

Her largest contributions came from the Mirage Resorts PAC, \$2,000, and \$1,000 in contributions from a cross-section of Republican activists and donors including developer/gamer Ernie Becker Jr., architect William Synder, contractor Frank Martin, home builder Kevin Parkinson, and developers Jerome Mack and Parry Thomas. County Commissioner Lance Malone donated \$2,000 worth of sign frames to her.

Berkley said she did not make any special efforts to raise more money in the wake of the disclosure.

"We continued with our original plan, which was to meet with different people, talk about the issues, raise money and put together staff, and that was what we did," she said.

Berkley is seeking the seat being vacated by Rep. John Ensign, R-Nev., who is challenging Sen. Harry Reid, D-Nev. She noted that Ensign spent \$1.9 million to win re-election in 1996 in the predominantly Democratic district.

"I think I can win this election for half that amount," she said.

In a May 1997 tape recording, Berkley told an unidentified person that she urged Las Vegas Sands Inc. Chairman Sheldon Adelson to



Shelley Berkley.
Review-Journal file photo.

offer Clark County Commissioner Erin Kenny's uncle a job and give Commissioner Yvonne Atkinson Gates a daiquiri concession to win their support for The Venetian hotel. Berkley, who was fired by Adelson, confirmed the conversation last month.

Until disclosure of the tape, Berkley was seen as a heavy favorite to succeed Ensign. The National Republican Congressional Committee, which reportedly had written off the race, seized on the disclosure to renew its efforts to keep the seat in GOP hands and NRCC Chairman John Linder called for Berkley to withdraw.

Former White House media adviser Sig Rogich, R&R Advertising executive Billy Vassiliadis and Las Vegas Sun editor Brian Greenspun were among those who contributed \$1,000 each to Berkley after the disclosure.

Political action committees run by Reps. Barney Frank, D-Mass.; Rosa DeLauro, D-Conn; and Jim Oberstar, D-Minn., donated \$1,000 each after June 4 as well. She also received generous contributions from labor and medical PACs. Her largest expense was \$32,066 paid to the Las Vegas consulting firm of Gray & Associates.

Robert Tauber, another GOP candidate, raised \$1,614 in the past three months for a total of \$5,713 so far this year. He has \$1,507 in the bank.

Nancy Price, who also is vying for the Republican nomination, submitted an FEC report indicating she had not raised or spent any money by the end of June.

Reports for other Republican challengers were not available Tuesday.

Clay Baty, who is challenging Berkley in the Democratic primary, raised \$1,675 for the three months ending in June. His lone individual contribution was \$500 from Ted Binion of Las Vegas. Baty has collected \$4,675 for the year. His cash on hand totals \$1,564.

In Nevada's other congressional race, Rep. Jim Gibbons, R-Nev., collected \$113,129 in the past three months. He has raised \$232,400 so far this year and has \$278,767 in the bank.

Review-Journal writer Jane Ann Morrison contributed to this report.

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