



February 7, 2000

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

MUR 4971

FEB 10 10 12 AM '00

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL

RE: Violations of Federal Election Campaign Act by Bill Morrow  
and Bill Morrow For Congress Committee, California 48

Dear Commissioners:

Bill Morrow and his congressional campaign committee in California 48 are violating federal election laws by either accepting illegal contributions or failing to report expenditures by the campaign, or both. In either event, upon information and belief, Morrow and his campaign are violating the Federal Election Campaign Act and depriving the district's voters of the information the law requires them to have in order to make an informed choice in the March 7 primary.

Therefore, this complaint is filed with the Federal Election Commission under 2 U.S.C. § 437g(a) so that Morrow and his campaign are made to abide by the contribution limits and disclosure requirements of the federal election laws. Because the primary is only a month off, the Commission must act promptly to ensure that this campaign is run fairly and according to the law.

#### VIOLATIONS:

The Morrow campaign, which has been active since November, 1999, shows \$81,774 raised, almost all of it in the last two weeks of December. Yet the Morrow campaign shows virtually no expenditures for:

- Fundraising costs, including an apparent trip to Washington, D.C. to raise special interest PAC funds;
- Staff, although campaign staff are quoted in the newspapers and, upon information and belief, known to be assisting Morrow in his candidacy;
- Consultants, although professional campaign consultants are known to be helping Morrow, there are no expenditures listed on his report filed with the Commission;
- Transportation, despite a trip to Washington, D.C. and media reports of extensive travel around the district, which touches three counties in Southern California;

- more -

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- Utilities, despite a reported payment of \$800, apparently for rent, there are no expenditures for computers, utilities, electricity, heat/air conditioning, copying charges, or for any office supplies. The campaign does list \$38.50 in unitemized disbursements, a shockingly small amount for a campaign that has been in existence for two months, raised \$81,000, sent its candidate 2,500 miles to Washington, D.C. to raise funds, hired staff and is paying money for rent.

Accordingly, the Morrow campaign is either accepting illegal contributions, or failing to disclose its expenditures as required by the federal election laws, or both.

LAW:

Federal election law defines contributions to include "any gift .. loan, advance, or deposit of money or anything of value ... made for the purpose of influencing a federal election." 2 U.S.C. § 431(8)(A). Given the amount of money raised and media reports concerning Morrow's campaign apparatus and his distribution of campaign materials, *see Orange County Register*, Feb. 2, 2000, Local News, P. 1, Morrow has received contributions which his campaign has failed to report.

In addition, some of these contributions, upon information and belief, appear to come from impermissible corporate sources, a violation of 2 U.S.C. § 441b, since the vendors helping his campaign are corporations.

And what is abundantly clear from even a cursory review of his lone FEC report, is that Morrow has failed to make any effort to report these disbursements, a violation of 2 U.S.C. § 434(b)(4).

ANALYSIS:

Upon information and belief, Morrow and his campaign have employed the following companies and individuals, none of whom are reported on Morrow's FEC reports:

- Russo, Marsh and Copsey, a professional political consulting firm, has been working for Morrow's campaign since November, upon information and belief. Although well-known in the district, neither the firm or the individuals employed by the firm - Tony Marsh and Dave Wolfson - appear on the FEC report. If these consultants or their company have paid for any of the campaign's expenses (ranging from travel to office supplies), those expenditures should have been reported and would constitute contributions to the campaign.
- Matt Keelen is a professional fundraising consultant based in Washington, D.C. who specializes in political action committee fundraising. Morrow's FEC report shows \$14,500 in contributions from PACs, all in the last two weeks of December. Upon information and belief, Morrow traveled to Washington in December to solicit funds from PACs. His FEC report fails to include any fundraising costs (travel from California to Washington, event costs, hotels or meals or transportation in Washington, or any fee for Keelen) for this trip.

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- Heather Cope is a professional fundraiser in Orange County who, upon belief and information, began working for the campaign in December.
- Keith Battle is a well-known political operative in North San Diego County who, upon information and belief, is the campaign's full-time manager hired by the campaign in November. Yet he does not appear on the FEC report.
- Matt Zandi, upon information and belief, began working for the campaign in December organizing Orange County. Yet he does not appear on the FEC report.

CONCLUSION:

For the reasons cited above, Bill Morrow and the Morrow for Congress Committee have violated the Act and the Commission's regulations by either accepting illegal contributions (some of them potentially from impermissible corporate sources) or failed to report expenditures in an attempt to hide the campaign's activities and true cash-on-hand position from public view. In either event, Morrow and his campaign have violated the full disclosure provisions that are the foundation of the federal election laws.

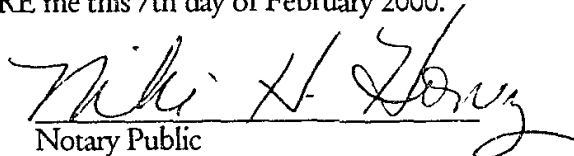
Since the primary is less than a month away, the Commission must act promptly to correct this impermissible subsidization of a congressional campaign. In addition, the Commission must act to prevent this cover-up of expenditures so that the voters of California's 48<sup>th</sup> congressional district may have the full information to which they are entitled in deciding for whom to vote.

Respectfully submitted,

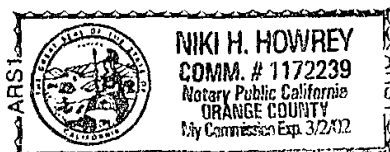


Dale Neugebauer  
Campaign Manager

SUBSCRIBED AND SWORN TO BEFORE me this 7th day of February 2000.

  
Notary Public

My Commission Expires: 3/2/02



Orange County Register  
Local News  
2/2/00

## Issa's contributions to his primary bid keep his coffers full

**CAMPAIGN:** However, his chief rival, Bill Morrow, has secured more outside donations.

**By DENA BUNIS**  
The Orange County Register

**WASHINGTON** — Millionaire Darrell Issa has pumped \$500,000 of his own money into his primary bid for the 48th Congressional District Republican nomination, far outstripping his opponents' treasuries.

His chief rival — state Sen. Bill Morrow — reported raising \$81,774 as of Dec. 31, according to Federal Election Commission reports filed this week.

This disparity was expected in the race to replace retiring Rep. Ron Packard.

Issa spent \$13 million of his own money in his failed 1998 GOP primary bid for the U.S. Senate. In doing so he joined a number of millionaires whose money did not mean victory at the polls.

Issa's financial advantage has allowed him to come out swinging early.

He mailed out absentee-ballot applications before Thanksgiving. He had an ad on cable television before the holidays; another starts this week. And he's also been on radio with a

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## 48TH: Issa reports most cash on hand

FROM 1

spot in support of Proposition 22, the measure to ban gay marriage.

Issa spent nearly \$215,000 in November and December. He had \$345,317 cash on hand as of Dec. 31.

Issa's mail and media efforts will escalate as the campaign sprints to March 7.

Morrow, R-Oceanside, is saving his money for when it will do the most good.

Morrow reported spending just \$2,858 last year, and that went to pay for rent and phones for his campaign office. He had \$78,916 in the bank as of Dec. 31.

Election experts say the campaigns in California are not likely to get into high gear until the presidential candidates start paying attention to the Golden State. And that will probably have to wait a couple of weeks as some other contests are fought out in the South.

"We will raise enough to make sure we're competitive, to make sure we can get our message out," said Damon Elder, a Morrow spokesman. "We're running a grass-roots campaign. They are not going to buy this race."

An incumbent senator whose district overlaps much of the congressional district, Morrow probably doesn't need to build up name recognition in Orange County as much as Issa does.

The 48th stretches from southern Orange County to northern San Diego County and includes a sliver of Riverside County.

Morrow has been making the rounds at political events and distributing literature showing that much of the elected political establishment in the district is in his corner.

Issa's campaign doesn't apologize for its treasury.

"Darrell is simply making an investment that's needed to communicate his conservative message to the voters," said Dale Neugebauer, Issa's campaign manager.

Morrow has a built-in advantage, Neugebauer said, because for the past eight years he has been able to communicate free to voters in the district, through his Assembly and Senate offices.

The one category Morrow leads in is contributions — \$67,274 from individuals and \$14,500 from political action committees.

Issa raised \$60,241 from individuals, and none from PACs. Much of Morrow's money so far has come from local contributors at \$500 and \$1,000 a pop. Only \$2,174 came from contributions too small to itemize.

Issa, who heads the Consumer Electronics Association, a nationwide trade group, has received nearly \$15,000 from out-of-state donors. He reported more than \$10,000 in small,

unitemized donations.

"We know that we won't have anywhere near the money he has," Morrow spokesman Elder said.

But the Issa campaign charged Tuesday that in an effort to appear to have more money than he does, Morrow didn't list expenses for his campaign staff.

"These are political professionals," Neugebauer said. "They don't work for free."

They did, Elder said. The contracts for these campaign staffers went into effect Jan. 1, he said. "Until Jan. 1 it was friends helping a friend."

Federal Election Commission regulations require candidates to file when they have raised or spent \$5,000.

GOP hopeful Mark Dornan, former Rep. Robert Dornan's son, said he did not have to file because he did not start raising money until January.

As of Tuesday night, there were no filings available on the FEC Web site for the other seven Republicans in the primary race.

They are: Don Udall, a Corona del Mar doctor; Joe Snyder, a retired Marine officer from Capistrano Beach; William Griffith, an Oceanside teacher; Kevin Mahan, a Valley Center lawyer; James Luke, a Temecula contractor; Kim DeBow, an Oceanside researcher; and Ed Mayehof, a Lakewood electrician.