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January 29, 2003

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VIA FACSIMILE & FEDERAL EXPRESS

Lawrence H. Norton, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: MUR 5304
Our File No. SHE2962.001

Dear Mr. Norton:

We are writing on behalf of our clients, the Shelley for Secretary of State Committee and Jay Wallace, as Treasurer of the Committee (collectively the "Committee") in response to Jeff Jordan's October 2, 2002 and January 9, 2003 letters referencing the above matter. Enclosed is a Designation of Counsel Statement reflecting our representation.

Initially, we note that Mr. Jordan's October 2, 2002 correspondence was sent to an inaccurate address and was not received by the Committee. The Committee did not receive Mr. Jordan's January 9th letter until January 15, 2003.

We understand that this inquiry was prompted by a complaint filed by the National Republican Congressional Committee ("NRCC") on September 25, 2002, alleging that the Committee made illegal contributions to the Cardoza for Congress committee. To be clear, the Committee and the Committee's Treasurer adamantly deny the allegations set forth in the NRCC's complaint.

Earlier last year, Dennis Cardoza successfully sought the Democratic nomination for the 18th Congressional District of California in a highly visible race to unseat incumbent Congressman Gary Condit. Until his recent election to Congress, Mr. Cardoza was a Member of the California State Assembly, where he served together with Mr. Shelley for six (6) years from December 1996 through December 2002. Thus, it was natural for Mr. Shelley to support his friend, colleague, and fellow Democrat's congressional campaign.

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Lawrence H. Norton, Esq.
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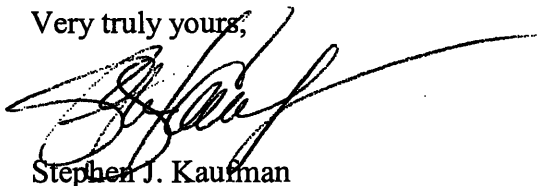
Since becoming a member of the State Assembly, Mr. Shelley has often made contributions from his campaign committee to support friends or colleagues seeking federal office. Consistent with his past practice, Mr. Shelley's campaign committee made a \$1,000 contribution to Mr. Cardoza's campaign on December 26, 2001.

The fact that the Committee received a contribution from Friends of Dennis Cardoza (Mr. Cardoza's State Assembly committee) prior to making the contribution had no bearing whatsoever on the decision to contribute to Mr. Cardoza's congressional campaign. At no time did Mr. Shelley, his Committee or his Treasurer have any conversations or communications with Mr. Cardoza or any agents of Mr. Cardoza's campaign regarding the "swapping" of contributions as alleged by the NRCC. The contribution received from Friends of Dennis Cardoza in January 2002 is of no consequence here, as it was not followed by any other contribution to Mr. Cardoza's congressional campaign.

In short, the NRCC complaint is baseless. There is no truth to any of the allegations in the Complaint asserted against the Committee and its Treasurer, and the allegations therein are based on pure conjecture, speculation and innuendo. No facts support the complaint. Therefore, we request that you take no further action with respect to this matter against the Shelley for Secretary of State Committee and Mr. Wallace, its Treasurer. We would appreciate you confirming by letter that this matter has been dismissed with respect to the aforementioned parties.

Please contact the undersigned if you require any additional information.

Very truly yours,



Stephen J. Kaufman

SJK:jd
Enclosure

cc: Jeff S. Jordan, Office of the General Counsel (via facsimile and U.S. mail)
Jay Wallace (via U.S. mail)

STATEMENT OF DESIGNATION OF COUNSEL

Please use one form for each respondent

MUR 5304NAME OF COUNSEL: Stephen J. KaufmanFIRM: Smith Kaufman LLPADDRESS: 725 South Figueroa StreetSuite 3200Los Angeles, CA 90017TELEPHONE: (213) 452-6565FAX: (213) 452-6575

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

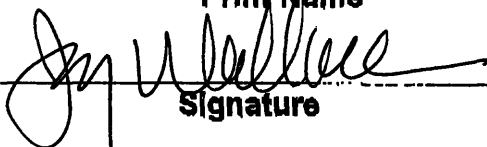
Jay Wallace

Print Name

Date

1/28/03

Signature



Treasurer

Title

RESPONDENT'S NAME: Shelley for Secretary of StateADDRESS: 5214-F Diamond Heights Blvd.San Francisco, CA 94131

TELEPHONE: HOME () _____

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