



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Walter L. Palmer
Hotel Consultant

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91 NOV -4 AM 11:34

November 1, 1991

FEDERAL ELECTION COMMISSION
999 "E" Street, N.W.
Washington, DC 20463

Reference: Violation of Federal Election Code, Excessive
Contributions to Congressional Candidates

Subject: Complaint against William Lerach, Milberg, Weiss,
Bershad, Specthrie & Lerach, Leonard B. Simon, et. al.

Dear Sirs:

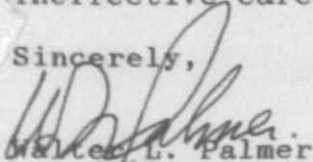
I have read the story " Big Name Fund-Raising Event Prompts
Questions" which appeared in the October 28 issue of the San
Diego Edition of the Los Angeles Times. Based upon the
information contained in this article, I wish to lodge a formal
complaint against the subject parties for violations of, and
conspiracy to violate Federal Law and the Election Code.
I have enclosed a copy of the Times article for your information
if this matter has not yet officially come to your attention.

In too many cases of this type, high powered, wealthy and well
connected attorneys are able to flaunt the very laws they profess
to uphold and protect. William Lerach certainly falls into this
category and I sincerely hope a private citizen such as myself
can petition your good offices to prosecute these transgressions
to the full extent of the law. I am looking forward to a
published notice that Mr. Lerach, his firm and associates have
been charged with flagrant violations of the Federal Election
Laws.

By copy of this letter I am informing our concerned congressional
delegation of this matter with the request that they keep me
informed of the progress of your office in this matter.

I hereby certify that I am bringing these charges based upon the
information above stated; that I am a private citizen,
representing no lobby or organized group concerned with the Bryan
Bill or associated legislation either in force or pending. My
sole political affiliations are the Republican Party and
membership in "We, the People" a locally-based, non-profit
citizen group advocating term limitations and the non-election of
ineffective career politicians.

Sincerely,


Walter L. Palmer

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 NOV -5 AM 10:55

93040934442

93040934443

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FT-20

Individual Acknowledgment

STATE OF CALIFORNIA
COUNTY OF San Diego

On this 1st day of November, in the year 1991, before me, the undersigned, a Notary Public in
and for said County and State, personally appeared

TO BE ATTACHED TO LETTER TO FEDERAL ELECTION COMMISSION
DATED NOVEMBER 1, 1991.

} ss.

WALTER L. PALMER

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person
whose name is subscribed to this instrument and acknowledged that he executed it.

WITNESS my hand and official seal.

Cheryl Andreyk

Notary Public in and for said County and State



up and republics will make advance debt payments in an "insurance fund" to be held in Please see **ECONOMY, A7**

Israelis Grant Wider Access to Dead Sea Scrolls

By **DANIEL WILLIAMS**
and **RUSSELL CHANDLER**
TIMES STAFF WRITERS

JERUSALEM—Overseers of the Dead Sea Scrolls, which are the objects of an unholy tussle over who may see and write about them, announced a plan Sunday to grant wider access to photographs of remaining unpublished fragments.

But the liberalized rules did not include permission to use photos for publishing a complete text of scroll manuscripts.

The move by the Israeli Antiquities Authority, caretakers of the original scrolls, seemed designed in part to restrain other institutions from handing out the material for anyone to study and publish while its own scholars are left behind.

Please see **SCROLLS, A13**

al dozen anti-apartheid groups—claiming to represent 15 million of South Africa's 36 million people—joined the ANC and PAC in signing the declaration. They demanded, among other things, that talks with President Frederik W. de Klerk's government begin "as soon as possible" under a neutral sponsor.

The delegates agreed to carry into the talks their demand for a constitution drawn up by a "constituent assembly" elected in a national one-person, one-vote election. They also demanded that De Klerk relinquish power to an interim government "to ensure that the De Klerk regime does not preside over or manipulate the transition through . . . its control of state power and resources."

Sunday's action in Durban appeared to clear the way for power-sharing talks, the first in the history of South Africa, which could begin late next month.

But it also set up what will surely be a bitter clash at the table between the government and the ANC-PAC front over how to draw up a new constitution and what transitional arrangements should be made in the meantime to govern the country.

Dikgang Moseneke, deputy president of the Pan-Africanist group, Please see **FRONT, A8**

any voters would favor a slower pace of a government that is more seriously concerned with "social welfare" issues such as unemployment and assistance for pensioners.

The wide and generally even distribution of the vote between parties that would "go fast" on reform and those (the liberals) that would go slower indicates that there could be days of political jockeying ahead before a prime minister is named.

Jan Krzystof Bielecki, the current prime minister, suffered a setback in the vote as his Liberal Democratic Congress party finished in seventh place, with 9.7% of the vote.

Bielecki, a 40-year-old businessman who came to office with no political history in the Solidarity movement, is believed to remain the favorite candidate of President Lech Walesa, and he could still wind up with the job.

It is Walesa's job to nominate the prime minister, who must then be approved by Parliament.

Mazowiecki said after the vote that he and his party allies will try to put together a "majority" government of parties with roots in Solidarity.

Jacek Kuron, an activist in Ma- Please see **POLAND, A8**

INSIDE TODAY'S TIMES

JAPAN'S NEW LEADER

Kiichi Miyazawa was confirmed as prime minister-designate and said the Japanese "must prepare" to aid the Soviet Union. **A6**

PALESTINIAN REBUFFED

Secretary of State James A. Baker III denounced a Palestinian at the Madrid peace conference claiming to represent the PLO. **A11**

QUIETING A NOISY WORLD

A new technology uses noise to fight noise. It's being used in industrial applications and will soon be found on some cars. **B3**

WEATHER: Mostly sunny and breezy today with clear skies tonight. Civic Center low/high today: 53/72. Details: **B2**

■ **TOP OF THE NEWS ON A2**

Big-Name Fund-Raising Event Prompts Questions

■ **Politics:** Supporters say swanky party helped a worthy cause. Critics fault it as big-money lobbying.

By **SARA FRITZ**
and **DWIGHT MORRIS**
TIMES STAFF WRITERS

WASHINGTON—The wealthy trial lawyers who paid \$1,000 each to attend a swanky San Diego fund-raiser Sept. 21 were understandably awed by the impressive lineup of top politicians assembled there: Senate Majority Leader George J. Mitchell (D-Me.), four other Democratic senators and five leading Senate candidates from California.

The host of this unusually high-powered gathering was William S. Lerach, an energetic San Diego plaintiffs' attorney and Democratic fund-raiser who personally contributed \$74,000 to congressional

candidates in 1989-1990—exceeding the legal limit of \$25,000 in 1990. At his September event, \$190,000 was raised for the Democratic Senatorial Campaign Committee.

By all accounts, Lerach is also the leading proponent—and perhaps a principal beneficiary—of legislation introduced just two months earlier by Sens. Richard H. Bryan (D-Nev.) and Alan Cranston (D-Calif.), who were among the honored guests at the San Diego party. The bill would lengthen the current statute of limitations on class-action stockholders' suits alleging securities fraud by corporate officers.

Was it just a coincidence that Please see **POLITICS, A14**

POLITICS

Continued from A1

brought Lerach, Bryan and Cranston together that night—as they all contend—or was Lerach's lucrative fund-raiser a reward to the Senate Democrats for their authorship of his pet legislation?

In an Aug. 28 letter inviting potential contributors, Lerach made it clear that the party was an opportunity for San Diego trial lawyers to discuss "the threats that confront us" with the senators. And he specifically mentioned the statute-of-limitations issue.

"You don't often get a chance to spend an evening with seven members of the United States Senate..." Lerach wrote in his invitation. "Most importantly, this event will give us an opportunity to support and express our views to some of the most influential members of the Senate who are in a position to protect the rights that we fight for on a daily basis and must preserve."

While it is probably not unusual for big political fund-raisers such as Lerach to set such an agenda privately, political professionals say that few of them ever put it so bluntly in writing.

Nevertheless, Bryan, Cranston and Lerach all insist that there was no direct connection between the bill and the \$190,000 in contributions raised that night. Lerach says that the party was scheduled long before the Democrats ever introduced the bill. Bryan insists that Lerach played no role in persuading him to offer the legislation. And Cranston says that, while he was persuaded by Lerach to support the bill, he did it entirely for altruistic reasons.

Furthermore, Lerach's admirers

High-Stakes Lobbying: A Case Study

The 1989-1990 contributions by Milberg, Weiss attorneys to political candidates.

Given to:	Amount	Given to:	Amount
Sen. Alan Cranston (D-Calif.)	\$27,000	Rep. Nita M. Lowey (D-N.Y.)	\$2,000
Sen. Joseph R. Biden Jr. (D-Del.)	13,750	Sen. Claiborne Pell (D-R.I.)	2,000
Sen. Bill Bradley (D-N.J.)	13,650	Sen. Lloyd Bentsen (D-Tex.)	1,500
John Inoué (D-Pa.)	11,000	Rep. William J. Hughes (D-N.J.)	1,500
Sen. John Kerry (D-Mass.)	10,000	Jim Bates (D-San Diego)	1,000
Sen. Arlen Specter (R-Pa.)	10,000	Sen. David L. Boren (D-Okla.)	1,000
Sen. Howell Heflin (D-Ala.)	7,250	Rep. Gerry Sikorski (D-Minn.)	1,000
Sen. John D. Rockefeller IV (D-W.V.)	6,000	Rep. Mike Synar (D-Okla.)	1,000
Rep. John Conyers Jr. (D-Mich.)	5,000	Rep. Edward F. Feighan (D-Ohio)	500
Stephen Georgiou (D-San Diego)	3,500	Democratic Senatorial Campaign Committee	77,250
Theodore Muenster (D-S.D.)	3,500	National Assn. of Securities and Commercial Law Attorneys PAC	9,000
Harvey Garitt (D-N.C.)	2,200	Democratic Congressional Campaign Committee	1,250
Sen. Albert Gore Jr. (D-Tenn.)	2,000	Golden Eagle Club of San Diego	650
Baron Hill (D-Ind.)	2,000		
Harold Lonsdale (D-Ore.)	2,000		

Contribution totals include contributions made by attorneys working for the law firm Milberg, Weiss, Bershad, Spectre, Lerach and, where identifiable, their spouses.

Source: Los Angeles Times Computer Study of Federal Election Commission Records

argue that even if the fund-raiser was intended to repay Democrats in Congress for backing the Bryan bill, their effort was completely above reproach because the measure would benefit disenfranchised small investors, not big-money interests.

Michael Waldman, executive director of Congress Watch, a Ralph Nader group that supports campaign finance reform as well as the Bryan bill, notes that the legislation sought by Lerach is opposed by a well-financed coalition of lobbyists representing securities lawyers, accountants, banks and insurance companies.

"I think that the campaign finance system and the role of big money needs to be changed, but I

don't see this as an example of where an indefensible piece of legislation is moving along because of money," Waldman said.

But other critics of the current campaign finance system see the story of Lerach's fund raising for Democrats as another vivid example of how the political system is being corrupted by big-money contributors whose primary objective is to win legislation that is in their own economic interests.

"When money drives a decision, no matter how worthy the cause, it ultimately disenfranchises those who don't have money," said Ellen Miller, executive director of the Center for Responsive Politics, a bipartisan think tank that is usually allied with Congress Watch on

campaign finance matters. "If it is based on money instead of merit, it is unfair. Every money interest would say that their bill is defensible."

No matter who is right, there is little doubt that Lerach, a leading litigator of class-action stockholders' suits, is deeply enmeshed in what is fast becoming one of the most high-stakes lobbying battles in Washington.

Not only would the Bryan bill affect current and future lawsuits worth billions of dollars, but business lobbyists view it as the first skirmish in an escalating legislative war over corporate governance issues, such as whether the compensation being paid to top corporate executives is excessive.

Bush Administration officials themselves are deeply divided on the issue. While President Bush has taken no position on the Bryan bill, Securities and Exchange Commission Chairman Richard C. Breiden testified in favor of it before Congress. And Vice President Dan Quayle, an outspoken critic of trial lawyers, is working behind the scenes against it, though aides say that he will not publicly take a position until the President announces his views.

The statute-of-limitations issue arose as a result of the Supreme Court's 5-4 ruling on June 20 that plaintiffs must sue for securities fraud within three years of the date that the fraud occurred and within one year of the date it was discovered. The 1934 Securities and Exchange Act, under which these suits are normally filed, contains no such limits.

The ruling is expected to affect not only all future suits but perhaps some suits that were pending at the time the high court ruled.

A month after the court ruled,

Please see **POLITICS, A16**

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POLITICS. High-Stakes Battle Predicted

Continued from A14

Bryan offered his bill, which would allow plaintiffs to sue within five years of the date the fraud occurred and one year of the date it was discovered.

Since then, Bryan's bill has been incorporated into a banking reform measure approved by the Senate Banking, Housing and Urban Affairs Committee, and Rep. Edward J. Markey (D-Mass.) has offered similar legislation in the House. Markey's bill would allow victims of securities fraud to file claims within three years after discovery and five years after the fraud occurred.

Leading opponents of the bill include the Securities Industry Assn. and many big investment and accounting firms.

Lerach himself downplays his lobbying role on behalf of the Bryan bill. In early September, he told *The Times* in an interview that he had no particular interest in any legislation. More recently, he acknowledged his personal interest in the bill but said that he had no recollection of ever speaking to Bryan about it.

For his part, Bryan says that he offered the legislation at the behest of a constituent, Richard Griest, who wrote numerous letters to complain about the Supreme Court decision. While Bryan acknowledges that he had met Lerach a year earlier at another fundraising event in California, aides insist that the two men never discussed the bill before it was introduced.

Jean Neal, a Bryan aide, says that only after the measure was introduced did the Nevada senator begin contacting trial lawyers—including Lerach—asking them to provide support for the bill and witnesses for a Senate hearing. She identified Lerach as a key member of the coalition supporting the legislation.

Murray Flander, Cranston's spokesman, acknowledged that the California senator was persuaded by Lerach to back the Bryan bill. He indicated that Cranston was swayed at least in part by the argument that the bill would help plaintiffs in a class-action suit filed by Lerach against Charles H. Keating Jr. The suit was filed on behalf of more than 22,000 investors who bought worthless junk bonds from Lincoln Savings & Loan Assn.

Ironically, a suit filed on behalf of the bondholders alleges that Cranston and four other senators

were partly responsible for the Lincoln Savings debacle. Cranston is under investigation by the Senate Ethics Committee on charges that he improperly intervened with federal regulators in exchange for nearly \$1 million in donations from Keating.

Cranston denies that he acted improperly in the Keating case or that he is to blame for the bondholders losing money.

While Lerach may have played only a minor role in persuading Democratic senators to sponsor the Bryan bill, he clearly viewed his fund-raiser as an opportunity to lobby them on the issue.

San Diego trial lawyers apparently were awed by the impressive lineup of political heavyweights that Lerach was able to bring to the party. In addition to Mitchell, Bryan and Cranston, the other big-name guests at the party were Democratic Sens. Lloyd Bentsen of Texas and Charles S. Robb of Virginia and five Democratic candidates running for the Senate from California—former San Francisco Mayor Diane Feinstein, Lt. Gov. Leo T. McCarthy, Rep. Barbara Boxer of Greenbrae, Rep. Mel Levine of Santa Monica and State Controller Gray Davis.

According to Federal Election Commission records, Lerach and his family members contributed at least \$107,000 to congressional candidates before the 1990 election. His own gifts of \$58,000 in 1990 far exceeded the legal limit of \$25,000. At the same time, members of his law firm—Milberg, Weiss, Bershad, Specthrie & Lerach—contributed \$218,000 to congressional candidates before the 1990 election.

Bryan has never personally received any campaign contributions from the firm, but the Democratic Senatorial Campaign Committee got \$77,250 from the firm during the 1989-90 cycle, and Cranston received \$27,000.

Opponents of the Bryan bill insist that Lerach and his law firm would be the biggest beneficiaries of the legislation.

Lerach acknowledges that some of his clients are affected by the Supreme Court decision, but he minimizes his own economic stake in the Bryan bill, arguing that it is designed primarily to help stockholders who have been defrauded.

Lerach's firm was recently awarded fees of \$9 million from an \$18-million settlement of a suit against the officers of Northrop Corp. But Leonard B. Simon, a

Lerach law partner, says that such a big settlement is unusual. In most such contingency fee cases, he said, plaintiffs receive about 70% to 80% of the award.

Furthermore, Simon charges that the opponents of the Bryan bill are trying to generate publicity and suggest that it is special interest legislation solely backed by trial attorneys. He notes that the bill also has the support of the SEC, the Federal Deposit Insurance Corporation, the American Assn. of Retired Persons, the Consumer Federation of America, the United Shareholders Assn., the North American Securities Administrators and Nader's Public Citizen.

Simon contends that the political clout of these groups is dwarfed by the lobbying clout on the other side. "It's everybody with money versus everybody without," he said.

But Miller, who advocates stricter enforcement of limits on campaign contributions, says that she suspects the issues of stockholder suits is fast becoming a "cash cow" for politicians on both sides.

Staff writer Mark Platte in San Diego contributed to this story.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 6, 1991

Walter L. Palmer
5183 Cassandra Lane
San Diego, CA 92109

Dear Mr. Palmer:

This is to acknowledge receipt on November 5, 1991, of your letter dated November 1, 1991. The Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter was not properly sworn to.

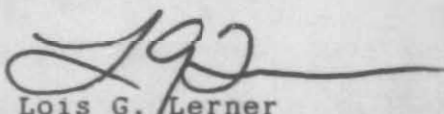
You must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. A statement by the notary that the complaint was sworn to and subscribed before him/her will be sufficient. We are sorry for the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. 5 437g.

Enclosed is a Commission brochure entitled "Filing a Complaint." I hope this material will be helpful to you should you wish to file a legally sufficient complaint with the Commission. If you have any questions concerning this matter, please contact Retha Dixon, Docket Chief, at (202) 219-3410.

Sincerely,

Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Associate General Counsel

Enclosure

cc: Respondent

93040934447



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 6, 1991

William Lerach
225 Broadway
Suite 2000
San Diego, CA 92101

Dear Mr. Lerach:

On November 5, 1991, the Federal Election Commission received a letter alleging that you violated sections of the Federal Election Campaign Act of 1971, as amended. As indicated from the copy of the enclosed letter addressed to the complainant, those allegations do not meet certain specified requirements for the proper filing of a complaint. Thus, no action will be taken on this matter unless the allegations are refiled meeting the requirements for a properly filed complaint. If the matter is refiled, you will be notified at that time.

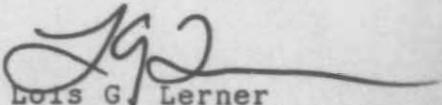
This matter will remain confidential for 15 days to allow for the correction of the defects. If the defects are not cured and the allegations are not refiled, no additional notification will be provided and the file will be closed.

If you have any questions, please call Retha Dixon, Docket Chief, at (202) 219-3410.

Sincerely,

Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Associate General Counsel

Enclosures

Copy of Improper Complaint
Copy of letter to the Complainant

93040934448

Walter L. Palmer
Hotel Consultant

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MAIL ROOM

91 NOV 19 AM 10:44

November 15, 1991

Office of General Counsel,
FEDERAL ELECTION COMMISSION
Washington, DC 20463

MUR 3456

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OFFICE OF GENERAL COUNSEL
91 NOV 19 PM 3:21

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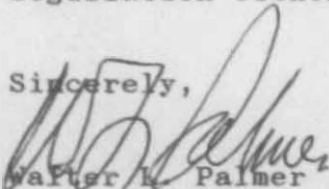
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delegation of this matter with the request that they keep me
informed of the progress of your office in this matter.

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the best of my knowledge; I am bringing these charges based upon
the information printed in the October 28, 1991 issue of the Los
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or organized group concerned with the Bryan Bill or associated
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Sincerely,


Walter L. Palmer

9 3 0 4 0 9 3 4 4 5 0

To be attached to Letter of complaint to FEDERAL ELECTION COMMISSION DATED NOVEMBER 15, 1991.

STATE OF CALIFORNIA }
COUNTY OF San Diego } ss.

On this 15th day of November, in the year
1991, before me, the undersigned, a Notary Public in
and for said County and State, personally appeared WALTER L. PALMER

personally known to me (or proved to me on the basis of satisfactory
evidence) to be the person _____ whose name
is he subscribed to the within instrument and
acknowledged that he executed the
same.

Signature Cheryl Andreyk
Cheryl Andreyk

Name (Typed or Printed)
Notary Public in and for said County and State

WALTER L. PALMER

SUBSCRIBED AND SWORN TO ME

Cheryl Andreyk

NOTARY PUBLIC

SAN DIEGO COUNTY, STATE OF CALIFORNIA



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INDIVIDUAL

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Staple

up and republics will make advance debt payments into "insurance fund" to be held. Please see **ECONOMY**, A7

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By DANIEL WILLIAMS
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Please see **FRONT**, A8

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QUIETING A NOISY WORLD

A new technology uses noise to fight noise. It's being used in industrial applications and will soon be found on some cars. B3

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The host of this unusually high-powered gathering was William S. Lerach, an energetic San Diego plaintiffs' attorney and Democratic fund-raiser who personally contributed \$74,000 to congressional

candidates in 1989-1990—exceeding the legal limit of \$25,000 in 1990. At his September event, \$190,000 was raised for the Democratic Senatorial Campaign Committee.

By all accounts, Lerach is also the leading proponent—and perhaps a principal beneficiary—of legislation introduced just two months earlier by Sens. Richard H. Bryan (D-Nev.) and Alan Cranston (D-Calif.), who were among the honored guests at the San Diego party. The bill would lengthen the current statute of limitations on class-action stockholders' suits alleging securities fraud by corporate officers.

Was it just a coincidence that

Please see **POLITICS**, A14

POLITICS

Continued from A1
brought Lerach, Bryan and Cranston together that night—as they all contend—or was Lerach's lucrative fund-raiser a reward to the Senate Democrats for their authorship of his pet legislation?

In an Aug. 28 letter inviting potential contributors, Lerach made it clear that the party was an opportunity for San Diego trial lawyers to discuss "the threats that confront us" with the senators. And he specifically mentioned the statute-of-limitations issue.

"You don't often get a chance to spend an evening with seven members of the United States Senate..." Lerach wrote in his invitation. "Most importantly, this event will give us an opportunity to support and express our views to some of the most influential members of the Senate who are in a position to protect the rights that we fight for on a daily basis and must preserve."

While it is probably not unusual for big political fund-raisers such as Lerach to set such an agenda privately, political professionals say that few of them ever put it so bluntly in writing.

Nevertheless, Bryan, Cranston and Lerach all insist that there was no direct connection between the bill and the \$190,000 in contributions raised that night. Lerach says that the party was scheduled long before the Democrats ever introduced the bill. Bryan insists that Lerach played no role in persuading him to offer the legislation. And Cranston says that, while he was persuaded by Lerach to support the bill, he did it entirely for altruistic reasons.

Furthermore, Lerach's admirers

High-Stakes Lobbying: A Case Study

The 1989-1990 contributions by Milberg, Weiss attorneys to political candidates.

Given to:	Amount	Given to:	Amount
Sen. Alan Cranston (D-Calif.)	\$27,000	Rep. Nita M. Lowey (D-N.Y.)	\$2,000
Sen. Joseph R. Biden Jr. (D-Del.)	13,750	Sen. Claiborne Pell (D-R.I.)	2,000
Sen. Bill Bradley (D-N.J.)	13,650	Sen. Lloyd Bentsen (D-Tex.)	1,500
John Innelli (D-Pa.)	11,000	Rep. William J. Hughes (D-N.J.)	1,500
Sen. John Kerry (D-Mass.)	10,000	Jim Bates (D-San Diego)	1,000
Sen. Arlen Specter (R-Pa.)	10,000	Sen. David L. Boren (D-Okla.)	1,000
Sen. Howell Heflin (D-Ala.)	7,250	Rep. Geny Sikorski (D-Minn.)	1,000
Sen. John D. Rockefeller IV (D-W.V.)	6,000	Rep. Mike Synar (D-Okla.)	1,000
Rep. John Conyers Jr. (D-Mich.)	5,000	Rep. Edward F. Feighan (D-Ohio)	500
Stephen Georgiou (D-San Diego)	3,500	Democratic Senatorial Campaign Committee	77,250
Theodore Muenster (D-S.D.)	3,500	National Assn. of Securities and Commercial Law Attorneys PAC	9,000
Harvey Gantt (D-N.C.)	2,200	Democratic Congressional Campaign Committee	1,250
Sen. Albert Gore Jr. (D-Tenn.)	2,000	Golden Eagle Club of San Diego	650
Baron Hill (D-Ind.)	2,000		
Harold Lonsdale (D-Ore.)	2,000		

Contribution totals include contributions made by attorneys working for the law firm Milberg, Weiss, Bershat, Speothne, Lerach and, where identifiable, their spouses.

Source: Los Angeles Times Computer Study of Federal Election Commission Records

argue that even if the fund-raiser was intended to repay Democrats in Congress for backing the Bryan bill, their effort was completely above reproach because the measure would benefit disenfranchised small investors, not big-money interests.

Michael Waldman, executive director of Congress Watch, a Ralph Nader group that supports campaign finance reform as well as the Bryan bill, notes that the legislation sought by Lerach is opposed by a well-financed coalition of lobbyists representing securities lawyers, accountants, banks and insurance companies.

"I think that the campaign finance system and the role of big money needs to be changed, but I

don't see this as an example of where an indefensible piece of legislation is moving along because of money," Waldman said.

But other critics of the current campaign finance system see the story of Lerach's fund raising for Democrats as another vivid example of how the political system is being corrupted by big-money contributors whose primary objective is to win legislation that is in their own economic interests.

"When money drives a decision, no matter how worthy the cause, it ultimately disenfranchises those who don't have money," said Ellen Miller, executive director of the Center for Responsive Politics, a bipartisan think tank that is usually allied with Congress Watch on

campaign finance matters. "If it is based on money instead of merit, it is unfair. Every money interest would say that their bill is defensible."

No matter who is right, there is little doubt that Lerach, a leading litigator of class-action stockholders' suits, is deeply enmeshed in what is fast becoming one of the most high-stakes lobbying battles in Washington.

Not only would the Bryan bill affect current and future lawsuits worth billions of dollars, but business lobbyists view it as the first skirmish in an escalating legislative war over corporate governance issues, such as whether the compensation being paid to top corporate executives is excessive.

Bush Administration officials themselves are deeply divided on the issue. While President Bush has taken no position on the Bryan bill, Securities and Exchange Commission Chairman Richard C. Breiden testified in favor of it before Congress. And Vice President Dan Quayle, an outspoken critic of trial lawyers, is working behind the scenes against it, though aides say that he will not publicly take a position until the President announces his views.

The statute-of-limitations issue arose as a result of the Supreme Court's 5-4 ruling on June 20 that plaintiffs must sue for securities fraud within three years of the date that the fraud occurred and within one year of the date it was discovered. The 1934 Securities and Exchange Act, under which these suits are normally filed, contains no such limits.

The ruling is expected to affect not only all future suits but perhaps some suits that were pending at the time the high court ruled.

A month after the court ruled,

Please see POLITICS, A16

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San Diego trial lawyers apparently were awed by the impressive lineup of political heavyweights that Lerach was able to bring to the party. In addition to Mitchell, Bryan and Cranston, the other big-name guests at the party were Democratic Sens. Lloyd Bentsen of Texas and Charles S. Robb of Virginia and five Democratic candidates running for the Senate from California—former San Francisco Mayor Diane Feinstein, Lt. Gov. Leo T. McCarthy, Rep. Barbara Boxer of Greenbrae, Rep. Mel Levine of Santa Monica and State Controller Gray Davis.

Bryan has never personally received any campaign contributions from the firm, but the Democratic Senatorial Campaign Committee got \$77,250 from the firm during the 1989-90 cycle, and Cranston received \$27,000.

Lerach acknowledges that some of his clients are affected by the Supreme Court decision, but he minimizes his own economic stake in the Bryan bill, arguing that it is designed primarily to help stockholders who have been defrauded.

Lerach law partner, says that such a big settlement is unusual. In most such contingency fee cases, he said, plaintiffs receive about 70% to 80% of the award.

Furthermore, Simon charges that the opponents of the Bryan bill are trying to generate publicity, and suggest that it is special interest legislation solely backed by trial attorneys. He notes that the bill also has the support of the SEC, the Federal Deposit Insurance Corporation, the American Assn. of Retired Persons, the Consumer Federation of America, the United Shareholders Assn., the North American Securities Administrators and Nader's Public Citizen.

Simon contends that the political clout of these groups is dwarfed by the lobbying clout on the other side. "It's everybody with money versus everybody without," he said.

But Miller, who advocates stricter enforcement of limits on campaign contributions, says that she suspects the issues of stockholder suits is fast becoming a "cash cow" for politicians on both sides.

Staff writer Mark Platte in San Diego contributed to this story.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 26, 1991

Walter L. Palmer
5183 Cassandra Lane,
San Diego, CA 92109

RE: MUR 3456

Dear Mr. Palmer:

This letter acknowledges receipt on November 19, 1991, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3456. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

If you have any questions, please contact Retha Dixon, Docket Chief, at (202) 219-3410.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Procedures

93040934454



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 26, 1991

William Lerach, Esquire
2000 Central Savings Tower
225 Broadway
San Diego, CA 92101-5050

RE: MUR 3456

Dear Mr. Lerach:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3456. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

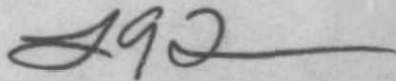
93040934455

MUR 3456
William Lerach, Esquire
Page 2

If you have any questions, please contact Noriega James, the staff member assigned to this matter, at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

93040934456



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 26, 1991

Milberg, Weiss, Bershad, Specthrie
& Lerach
2000 Central Savings Tower
225 Broadway
San Diego, CA 92101-5050

RE: MUR 3456

To Whom it May Concern:

The Federal Election Commission received a complaint which alleges that the partners of Milberg, Weiss, Bershad, Specthrie & Lerach may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3456. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such

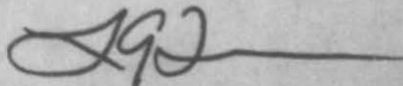
93040934457

MUR 3456
Milberg, Weiss, Bershad, Specthrie
& Lerach
Page 2

counsel, and authorizing such counsel to receive any notifications and other communications from the Commission. If you have any questions, please contact Noriega James, the staff member assigned to this matter, at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

93040934458

PERKINS COIE

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607 FOURTEENTH STREET, N.W. • WASHINGTON, D.C. 20005-2011 • (202) 628-6600

December 5, 1991

Noriega James
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3456

Dear Mr. James:

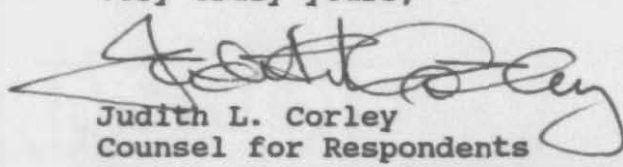
Please find enclosed a designation of counsel in the
above-referenced Matter Under Review.

We would like to request an extension of time of 25 days
to respond to the Commission's letter notifying the firm that
a complaint had been filed against it. Due to holiday and
travel schedules planned before the receipt of the complaint,
it would be difficult to complete a review of the facts and to
prepare a response within the 15-day period initially provided
by the Commission.

The Commission's letter was received by Respondents on
December 2, 1991. With an extension of 25 days, the response
will be due on January 10, 1992.

If you have any questions or need additional information,
please contact the undersigned.

Very truly yours,


Judith L. Corley
Counsel for Respondents

cc: William S. Lerach

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

91 DEC -5 PM 4: 14

STATEMENT OF DESIGNATION OF COUNSEL

MUR MUR3456

NAME OF COUNSEL: JUDY CORLEY

ADDRESS: Perkins Coie

607 14th Street, N.W.

Washington, D.C. 20005

TELEPHONE: 202/434-1622

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.

December 4, 1991
Date


Signature

RESPONDENT'S NAME: WILLIAM S. LERACH

ADDRESS: 225 Broadway, Suite 2000

San Diego, CA 92101

HOME PHONE: 619/765-0363

BUSINESS PHONE: 619/231-1058

93040934460



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 6, 1991

Judy Corley, Esquire
Perkins Coie
607 14th Street, N.W.
Washington, DC 20005

RE: MUR 3456
William S. Lerach

Dear Ms. Corley:

This is in response to your letter dated December 5, 1991, requesting an extension of twenty-five (25) days to respond to MUR 3456.

Considering the Federal Election Commission's responsibilities to act expeditiously in the conduct of investigations, I cannot grant your full request, but can only agree to a twenty (20) day extension. Accordingly, the response is due by close of business on January 6, 1992.

If you have any questions, please contact Noriega E. James, the staff member assigned to this matter, at (202) 219-3400.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in dark ink, appearing to read "Lisa E. Klein", is written over the typed name.

BY: Lisa E. Klein
Assistant General Counsel

93040934461

PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
607 FOURTEENTH STREET, N.W. • WASHINGTON, D.C. 20005-2011 • (202) 628-6600

January 6, 1992

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JAN -6 PM 1:13

Noriega James
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3456

Dear Mr. James:

This is the response of William S. Lerach through counsel to the Commission's notification that a complaint had been filed against him by Walter L. Palmer.

Mr. Lerach asks that the complaint be dismissed and that the Commission take no further action on this matter.

The complaint attempts to make allegations of a "conspiracy" to violate the campaign laws and of "flagrant violations" of those laws, but the vague statements in no way justify the conclusory accusations made. The complaint does not identify any violations with specificity, making it impossible for Mr. Lerach to address the issues ostensibly raised.

While Mr. Palmer states that he is merely a concerned "private citizen," the Commission should be aware of certain background information that may have been relevant to his motives in filing this complaint. Mr. Palmer fails to disclose that he is the former chief executive officer of a corporation in San Diego. In the early 1980's, Mr. Lerach represented clients who brought suit against Mr. Palmer (and others), alleging ongoing illegalities in the operation of the corporation. A special master in the case found, among his other conclusions, "repeated corporate and securities law violations, inordinate self-dealing, inadequate internal fiscal and management controls and accounting and reporting

Noriega James
January 6, 1992
Page 2

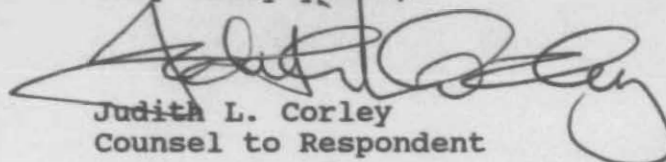
improprieties."¹ As a result of the misconduct established by the suit prosecuted by Mr. Lerach, Mr. Palmer lost control of the company and lost his job with the company.

In light of this information, it seems clear that Mr. Palmer's real agenda has nothing to do with the campaign laws; rather, his unsubstantiated claims of a conspiracy and his vitriolic railing against "high powered, wealthy and well-connected attorneys" reveals what, it seems clear, is his real motive - retaliation against those who successfully sued him.

Vituperative accusations simply do not make an appropriate complaint before the Federal Election Commission. Mr. Palmer's motives and his inability to make concrete claims of a violation of the campaign laws should be accorded significant weight in the Commission's determination of what action to take. The Commission should not encourage this type of personal vendetta by acting upon such vague and irrelevant claims. This complaint does not merit the Commission's efforts and should be dismissed with no further action.

If you have any questions or need additional information, please contact the undersigned.

Very truly yours,



Judith L. Corley
Counsel to Respondent

enclosure

¹A copy of the unpublished opinion of the California Court of Appeal - Fourth Appellate District containing this quote is attached for your information.

93040934463

RECEIVED

AUG 6 1986

MILBERG, WEIS.

COURT OF APPEAL—STATE OF CALIFORNIA

FOURTH APPELLATE DISTRICT

DIVISION ONE

FABULOUS INNS OF AMERICA
et al.,

Petitioners,

v.

SUPERIOR COURT, etc., COUNTY
OF SAN DIEGO,

Respondent;

FABULOUS INNS OF AMERICA,
et al.,

Real Parties in Interest.

No. D004838

SUPERIOR COURT NOS . 524725
528796

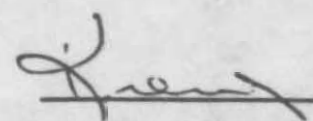
FILE
Keeper G Cassidy Clerk

AUG 4 1986

Court of Appeal Fourth District

THE COURT:

For good cause shown, pursuant to California Rules of Court, rule 43, we extend the time to designate the record or to take any other action in Appeal No. D004830 until our further order.



Presiding Justice

Copies to: All Parties

93040934464

NOT TO BE PUBLISHED IN OFFICIAL REPORTS

COURT OF APPEAL, FOURTH APPELLATE DISTRICT

DIVISION ONE

STATE OF CALIFORNIA

FILE
Keenan G. Casady, Clerk

AUG 4 1985

Court of Appeal Fourth District

FABULOUS INNS OF AMERICA, et al.,)

Plaintiffs, Cross-
Defendants and
Respondents,

v.

JEFFREY KRINSK, et al.,

Defendants, Cross-
Complainants and
Appellants

D003137 & D003110

(Super Ct. No. 524725)

FABULOUS INNS OF AMERICA, et al.,)

Plaintiffs and
Appellants

v.

WALTER L. PALMER, et al.,

Defendants and
Respondents.

(Super. Ct. No. 528796)

93040934465

HENRY MAXWELL, et al.,

Plaintiffs and
Respondents

v.

FABULOUS INNS OF
AMERICA, et al.,

Defendants and
Appellants.

(Super Ct. No. 532518)

FABULOUS INNS OF AMERICA, et al.,

Petitioners,

v.

THE SUPERIOR COURT OF THE STATE
OF CALIFORNIA FOR THE COUNTY OF
SAN DIEGO,

Respondent.

D004838

(Super Ct. No. 524725,
528796)

FABULOUS INNS OF AMERICA, et al.,

Real Parties in Interest.

APPEAL from a judgment and petition for writ of mandate from an order of the Superior Court of San Diego County, G. Dennis Adams, Judge. Affirmed in part; modified in part; reversed in part.

Plaintiffs (incumbents) appeal the judgment in three consolidated superior court actions. In the opinion which follows we refer to defendants as the "control group."

Preliminarily we observe this case involves war--corporate war over control of Fabulous Inns of America (FIA).

Combat has moved from and through corporate boardrooms, the marketplace, lawyers' offices and the media with a major battle being conducted in the trial court with occasional skirmishes at the appellate level. ¹ In addition to the strategic planning by high level counsel, the weapons deployed have included advanced electronic office equipment which expedited the introduction of 400 trial exhibits and about 3000 pages of testimony during 24 days of trial. That same equipment has generated three lengthy appellate briefs. We have now worked through this volume of paper and have concluded the judgment must be affirmed in part, modified in part and reversed in part.

We reject incumbents' argument that the alleged bias of special master Friedman arising out of his earlier relationship

¹This court has previously expressed itself in two writ proceedings in Fabulous Inns of America, D002196, October 1, 1984 and D002290, October 16, 1984. We said the validity of the shareholders' meeting of May 24, 1984 had not been challenged and that Krinsk, Yardley and Letson had been duly elected directors at that meeting. We also described them as representing the status quo who "had been [effectively] operating the corporation on a day-to-day basis." Accordingly we issued a writ of supersedeas in D003110 and ordered this appeal be briefed in rule time with no extensions except by agreement of the parties or for good cause shown. Perhaps if the parties had had more time they would have written shorter briefs.

93040934468

with Palmer has denied them a fair hearing. We also reject incumbents' claim that Friedman's failure to include factual and legal references in his report which was adopted by the court requires reversal. We agree, however, that the court's decision in the section 304 action to bar members of the control group from serving on the board of directors for only a limited period of four years is an abuse of discretion and accordingly we make appropriate modifications in that order. As explained more fully in the opinion, we believe the appropriate interim solution in this litigation is to retain the status quo pending a new shareholders' meeting to elect directors. The trial court shall maintain the October 19, 1984 preliminary injunction in force pending that election.

In the section 709 action there are numerous unsupported factual findings which require reversal. In other parts of the section 709 action the court improperly placed the burden of proving fraud on incumbents after incumbents had established irregularity in the proceedings leading up to the issuance of the stock. We decide that error is harmless except as to some of the "cheap stock." We defer to the trial court to determine the proper remedies for these violations of corporate law. In the interest of judicial economy we urge the trial court to consider consolidating these cases with the other pending superior court actions.

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In response to incumbents most recent writ petition (D004838) we vacate the order of July 1, 1986 and retain the earlier October 19, 1984, injunction.

I

Procedural Background

Incumbents are three members of FIA's current board of directors: Jeffrey R. Krinsk, David J. Yardley and F. Joseph Letson. Krinsk is chairman of the board; Yardley is president. Incumbents also include an independent shareholder, Frank E. Ferreira. The control group consists of former FIA officers and directors who collectively own more than 50 percent of the outstanding and issued common stock. They are Henry Maxwell, Walter L. Palmer, Richard A. Tuthill, Ernest M. Stanley, Sterling P. Dunham and John C. McCall, Jr.

Incumbents, who were validly elected at FIA's annual shareholders' meeting on May 24, 1984, control FIA's present board of directors. (See ante, fn. 1, p. 3.) To the consternation of the control group, FIA's board chairman Stanley was not reelected. Following the election, Palmer and Caldwell, who was friendly to the control group, remained on the board.

The control group immediately embarked on an all out effort to regain control by holding another shareholders' meeting. It wanted to garner sufficient votes from other shareholders along

with its own substantial holdings to elect a majority of FIA directors satisfactory to the control group. Its efforts culminated in a special shareholders' meeting on July 20, 1984. The incumbent board was ousted. Palmer, Stanley and Caldwell together with Leonard Lundmark and Edward Varella were elected as a new board. Krinsk, Yardley and Letson, however, refused to participate in or give corporate approval to the meeting. They also refused to recognize the validity of the actions taken to replace them or to relinquish their corporate offices.

The control group promptly responded by filing one of the underlying actions (Super.Ct. No. 524725) seeking equitable relief under Corporations Code section 709.² The action

²Section 709 provides in part:

"(a) Upon the filing of an action therefor by any shareholder or by any person who claims to have been denied the right to vote, the superior court . . . shall try and determine the validity of any election or appointment of any director of any domestic corporation

"(b)

"(c) The court may determine the person entitled to the office of director or may order a new election to be held or appointment to be made, may determine the validity, effectiveness and construction of voting agreements and voting trusts, the validity of the issuance of shares and the right of persons to vote and may direct such other relief as may be just and proper."

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sought to validate the July 20 election and to prohibit incumbents from interfering with the newly elected board's possession of FIA's offices and management. The incumbents answered by alleging the July 20 meeting was invalid. Incumbents also cross-complained asserting that virtually all of the shares of FIA stock owned and voted by members of the control group and by two former members aligned with them -- Dunham and McCall -- were invalid on a number of grounds and without voting rights. Incumbents contended that because of the control group's conduct it should be stripped of whatever voting rights its members might have in their stock.

The case was assigned to Superior Court Judge G. Dennis Adams. Judge Adams appointed attorney C. Hugh Friedman (Friedman) as special master under Code of Civil Procedure section 639 to conduct a hearing to determine the validity of the July 20, 1984 shareholders' meeting, the validity of the issuance of shares and the right of the stockholders to vote, and to supervise discovery of all pertinent facts and evidence concerning the issuance and acquisition of the contested shares of FIA stock. At the conclusion of the hearing Friedman was to file a report stating his factual findings, legal conclusions and recommendations including a proposed judgment.

Incumbents continued to pursue their investigation into the control group's alleged self-dealing and breach of fiduciary duty as FIA's directors and officers. Information obtained

through their investigation resulted in incumbents filing other actions against the control group in federal and state court.³ Of concern here is incumbents' section 304⁴ action

³The action in the United States District Court, Southern District of California, is Fabulous Inns of America, Inc. v. Walter L. Palmer, Henry Maxwell, Richard A. Tuthill, Pliny A. Daggett and Ernest M. Stanley, Case No. 84-1809N(1). In the federal court action incumbents seek treble damages and attorney's fees from the control group for alleged RICO violations. Another case not involved in this appeal is San Diego Superior Court Case No. 524511, Fabulous Inns of America v. Walter Palmer, Henry Maxwell, Richard Tuthill, Charles Watson, Sterling Dunham, John McCall. This action seeks damages from the control group for breach of fiduciary duty, fraud and violations of state and federal securities laws.

We decline to resolve the question raised by the control group relating to FIA's status as cross-complainant in the 709 action and as plaintiff in the other legal proceedings. The control group asserts incumbents as ousted directors have no right to act on behalf of FIA. (See American Center for Education, Inc. v. Cavnar (1978) 80 Cal.App.3d 476, 498-499.) The standing issue was not presented to the trial court and accordingly need not be addressed here. Our opinion is self-explanatory. To the extent the respective lawsuits have been filed by authorized board action, they properly include FIA as plaintiff or cross-complainant. Whatever tactical benefit there may be for FIA to appear as a sympathetic party can be resolved by the court at trial. So far as we can determine the issue has no legal or practical effect here. Further discussion on this point is unnecessary.

⁴Section 304 provides:

"The superior court of the proper county may, at the suit of shareholders holding at least 10 percent of the number of outstanding shares of any class, remove from office any director in case of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the corporation and may bar from reelection any director so removed for a period prescribed by the court. The corporation shall be made a party to such action.

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(Super.Ct. No. 528796) seeking removal of Palmer and Caldwell as FIA directors and barring them along with Maxwell, Tuthill, Stanley, Dunham and McCall from future service as FIA directors. By stipulation the section 304 case was also tried before Friedman.

The parties also stipulated Friedman could consider and report on the stock votability issue presented in Superior Court Case No. 532518 which the Maxwells filed to prohibit FIA's foreclosure on their 360,000 shares of FIA common stock pledged as security for their \$1,454,868 promissory note to FIA.

Upon the conclusion of the trial, and after reviewing the posttrial memoranda, Friedman submitted a 73-page report. (A.A. at pp. 1072-1148; designated "Report".)

Part II of the report recommends the court finesse the legal issues relating to the July 20, 1984 election:

"Taking into account all the factors, including the resolution of the section 304 issues (below), that a new election is imminent, and that the current Board was duly elected at the last annual shareholders' meeting, is comprised of a majority of Directors independent of the Control Group, and is capably operating FIA's business, the interests of FIA and all its shareholders would be best served by retaining the status quo until the next election. In this way, FIA can be better assured of the election of a new Board, a majority of whom have the desired independence. (See IV below.)" (Report at pp. 17-18.)

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Friedman proposed the following judgment:

"1. The July 20, 1984 special meeting of FIA's shareholders was validly called, noticed and held.

"2. The shares of FIA held by Plaintiffs/Cross-defendants (the Control Group) are validly issued and outstanding in their hands: such shares are votable by the holders thereof, except that the holders of FIA's 79,400 outstanding "promotional shares" may not vote such shares for the election of a majority of FIA's Board of Directors.

"3. Henry and Layla Maxwell and Maglen Development Corporation may vote the 360,000 shares pledged to FIA unless and until they default in making payment of the balance due on their note to FIA after being notified the certificates for such shares will be returned to them in the same state as delivered to FIA.

"4. Palmer, Maxwell, Luthill, Stanley, Dunham and McCall, and each of them, are barred from election as directors of FIA at any time and so long as they would together comprise a majority of FIA's directors; and they are further prohibited from serving on FIA's directors' nominating committee.

"5. To assure FIA the nomination and election of a board of directors a majority of whom are independent of the Plaintiffs, the removal and replacement of FIA's incumbent Board at the July 20, 1984 special shareholders' meeting is deemed invalid, and a new election of a board of directors shall be duly noticed and held at FIA's annual shareholders' meeting, such meeting to be held forthwith and to be subject to the supervision of the Court. (Report at pp. 72-73.)

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After receiving the report and considering the lawyers' oral and written arguments, the court adopted and included within its order items 1, 2 and 3 set forth above. The court rejected recommendations 4 and 5.

As to 4 the court explained it believed Friedman's recommendation was "unworkable over the long term."

"[The court] believes a better solution is to bar Maxwell, Palmer, Stanley, Tuthill, Dunham and McCall from serving any executive position in FIA for a period of four years from the date of the July 10, 1985 election, and during this period of time there would be no limitation on how they vote their stock." (A.A. at p. 1178.)

In rejecting item 5, the court stated:

"[T]he Court is convinced that the current Board and the current executive officers of the Corporation will do everything possible to thwart the next election as they did to frustrate the July 20th election. They have been in office since July 20, 1984 despite the fact that they were defeated in a validly held election on that date. They cancelled the July 20th meeting when they had no right to do so. In addition, they refused to accept tender of \$1,400,000.00 from Maxwell on the grounds that they were under a duty to put a legend on stocks which [Friedman] has found they had no right to do. This act could only be termed a transparent attempt at self-preservation and to thwart the upcoming election the court had indicated on a number of prior occasions it planned to call." (A.A. at p. 1178.)

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The court ordered members of the control group elected at the July 20 meeting to be seated as directors and set July 10, 1985 as the date for a new election. (Id. at pp. 1178-1179.) Pending that election the court issued a restraining order limiting the corporate authority of FIA directors and officers. (Id. at pp. 1179-1180.) This court has stayed implementation of that order pending this decision. Incumbents challenge parts of the order on a number of grounds.

II

Fairness of Trial Before the Special Master.

Considerable rhetoric in this appeal is devoted to whether we are confronted by the substantial evidence rule on matters of fact or the "abuse of discretion" or "clearly erroneous" standards on matters of law. We see no reason to add to this dialogue by discussing the conceptual differences between a court's factual findings and legal conclusions and the proper roles to be played by trial and appellate courts. (See Hurtado v. Statewide Home Loan Co. (1985) 167 Cal.App.3d 1019.) We hope our opinion speaks for itself. When we discuss the facts we say so. When we review a substantial evidence challenge we look at the facts in the light most favorable to the judgment recognizing our function begins and ends with the determination of whether there is any substantial evidence contradicted or uncontradicted which will support the factual findings.

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(Foreman & Clark Corp. v. Fallon (1971) 3 Cal.3d 875, 881.)

Our review, however, cannot be selectively performed since we can only determine whether the evidence is of solid, credible value by examining the entire record. (See Estate of Teed (1952) 112 Cal.App.2d 638, 644.)

Permeating incumbents' contention there is insufficient evidence to support many of Friedman's findings⁵ is their constant reference to Friedman's earlier relationship with Palmer. Friedman was Palmer's attorney and served as director of Palmer's advertising agency. Incumbents state this relationship affected Friedman's objectivity as a factfinder. Incumbents' criticisms reach full flower in their reply brief where they categorically state, "[T]he decision is fundamentally unfair because of the prejudice of the Special Master and the [Trial Court] in favor of Respondents, particularly Palmer." (A.R.B. at p. 11.) They exclaim Friedman merely "devined" that control group "lacked any 'fraudulent intent' or 'bad faith'" and the result, "devined" or otherwise, is "simply incredible." (A.R.B. at p. 22.)

Even at this level this case is not without its frustrations. The record is not pristine. The hostility between the parties has affected the clarity of their appellate

⁵Although the findings are technically those of the court, for convenience we refer to the findings adopted by the court as "Friedman's findings."

arguments. Admittedly it would have been preferable if Friedman had not had an earlier relationship with Palmer whose credibility was crucial to many important contested factual issues. Nonetheless we shall resolve the conflicts in the evidence in accordance with the traditional rules governing appellate review rather than on the basis of malign inferences drawn from those selected findings with which incumbents are dissatisfied.

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Incumbents may not now use Judge Adams' October 10, 1984 alleged bias as a basis for reversal in light of the finality of our earlier order deciding otherwise. (See order denying motion to disqualify judge, A.A. at pp. 510-513.) Nor may they challenge Friedman's fairness when with full knowledge of the link to Palmer they earlier elected to gamble and proceed with their case before him. Although incumbents say they were "faced with a Hobson's choice," (A.R.B. at p. 22, fn. 15) they could have sought our review of Adams' order conditionally disqualifying Friedman. Having failed to do so, they cannot now complain about Friedman's findings.

Aside from this procedural nicety, incumbents are selective in their criticism. They are delighted to accept Friedman's factual findings that members of the control group acted improperly in numerous self-dealing transactions. If Friedman's findings are satisfactory for one purpose, they are

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satisfactory for other purposes unless they are unsupported by the evidence. A trial cannot be partially fundamentally fair and partially fundamentally unfair. In essence incumbents would have us decide the trial was fundamentally unfair only as to those issues which were adversely decided. This skewed notion of fairness is illogical and rests solely on incumbents' subjective evaluation of the evidence contrary to the rules which govern our review. We reject incumbents' claim they were denied a fair trial.

III

The Timeliness of Incumbents' Claims.

Incumbents claim Friedman erroneously denied all their claims because they were time barred. Control group correctly responds by pointing out that reasonably interpreted Friedman's statement "[T]he statute of limitations has run on all such violations" (Report at p. 45) refers solely to the violations contained in his previous sentence. The only claims Friedman concluded were time barred were the "Violations of the Corporate Securities Act . . . seeking to eliminate preemptive rights by Articles amendment and thereafter in connection with the March/April stock issuance transactions, including issuing shares for cash to persons not named in the Permit." (Report at p. 45.) We accordingly limit our discussion to these issues.

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Incumbents first say "Addressing [Friedman's] conclusion that the 'statute of limitations has run' is made difficult because he did not cite any particular statute upon which he relied, much less provide an analysis of the evidence in the context of the particular statute." (A.O.B. at p. 21.) Incumbents then urge us to reverse because of "the failure of either [Friedman] or the Judge to cite the law and evidence upon which they relied. . . ." (Ibid.)

The difficulties encountered in grappling with this undifferentiated record without the benefit of many references to the evidence has made incumbents' invitation to reverse on this ground an appealing one. We decline to accept that invitation in the interest of what we hope is judicial economy. Trials are never perfect. Our job is to decide even where the record may be unsatisfactory. Moreover, the incumbents cannot fairly criticize the trial court for failing to more fully state the facts on which it based its order since incumbents failed to request a statement of decision. (Code Civ. Proc., § 632.)

In fairness to the parties, however, and for a meaningful review by both this court and the trial court, Friedman's report should have contained references to the record to support his factual findings and precedent to support his legal conclusions. Although Friedman's familiarity with the facts

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and his expertise in corporate law may have permitted him to write his report in narrative fashion, the lack of detail has complicated our task. Because of the form of the report incumbents have been unable to furnish us with a opening brief clearly outlining the issues. This in turn has placed the control group in the almost impossible position of trying to respond, to say nothing of increasing this court's frustrations in trying to piece this factual and legal puzzle together into a coherent summary. Trial courts in future cases should direct special masters to furnish the factual and legal bases for their findings and conclusions to avoid repetition of the problems experienced in this case.

The purpose of this lengthy introduction is not merely to reject incumbents' request that we reverse because of the deficiencies in Friedman's report, but to explain why our discussion of timeliness is broader than we would have preferred.

The control group has responded to incumbents' blanket challenge to Friedman's conclusion that their claims were time barred by explaining "[I]t is clear that these parties neither sought nor obtained a ruling from [Friedman] based on any statute of limitations other than the limited statute of limitations contained in the Corporate Securities Act of 1968." (R.B. at p. 35.) Control group argues (R.A. at pp.

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46-49) that after Corporations Code section 26100 was repealed and the Corporate Securities Law of 1968 was enacted, California law restricted the "voiding of securities for violations of permits except by certain persons [i.e., only the purchaser] and under certain circumstances set forth in the Act" (R.A. at p. 46) referring us to section 25503 and Friedman, California Practice Guide, Corporations sections 5:360 and 5:361. (R.A. at p. 47.) Control group points out in this case the outside limitations period of two years under section 25507, subdivision (a), and four years under section 25506 have long since passed and accordingly Friedman's conclusion that incumbents' claims are time barred is correct.

Incumbents tersely answer this argument by saying, and we believe correctly, that they have not sought to avail themselves of the statutory causes of action (A.R.B. at p. 25, fn. 18) provided by sections 25500, 25501, 25502, 25503, 25504, 25504.1 or 25505. (A.O.B. at p. 23, fn. 21.) Incumbents stress these proceedings are equitable actions governed by the doctrine of laches and not by the limitations periods of section 25506, subdivision (a), or 25507. Section 415 precludes the application of the legal statute of limitations to bar incumbents' equitable claims concerning control groups shares. That section provides in part that "[N]othing in this division shall be construed . . . in derogation of any rights

the corporation may have by rescission, cancellation or otherwise because of any fraud or illegality practiced on it by any [promoter, shareholder, director or officer] in connection with the issue or sale of shares"

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We also reject control group's claim that we must ignore section 25166 which makes it unlawful for "any person unlawfully to make any untrue statement of a material fact in any application, notice or report filed with the commissioner" because the Legislature did not create a private cause of action for the violation of this section as it had done with other sections. (R.A. at p. 48.) The failure to create a private cause of action cannot be equated with legislative intent to immunize control group from appropriate sanctions in an equitable proceeding where their conduct is expressly declared to be unlawful. A court must weigh and consider the impropriety or unlawfulness of a person's conduct in order to reach an equitable result. Whether the control group wilfully violated section 25166 is unclear and accordingly we express no opinion on that point.

For all of the foregoing reasons we conclude Friedman's conclusion that "[T]he statute of limitations has run on all violations of the Corporate Securities Act" is factually and legally unsupported.

Whether incumbents are barred by laches is a different question.

"[L]aches requires unreasonable delay in bringing suit 'plus either acquiescence in the act about which plaintiff complains or prejudice to the defendant resulting from the delay.' [Conti v. Board of Civil Service Commissioner (1969) 1 Cal.3d 351, 359.] Prejudice is never presumed; rather it must be . . . demonstrated by the defendant in order to sustain his burdens of proof and the production of evidence on the issue. (Id., at p. 361.)" (Miller v. Eisenhower Medical Center (1980) 27 Cal.3d 614, 624.)

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Even though laches contemplates prejudice to the defendant, here the control group, the court must nonetheless consider the adverse effect, if any, on innocent third parties. Incumbents are not entitled to equitable relief if the benefits they receive are outweighed by the detriment suffered by other shareholders who have had no involvement with FIA other than owning FIA shares. As in other business and legal situations, a careful cost benefit analysis is required. Here, the trial court in making that analysis seems to have accepted the control group's "parade of horrors" that incumbents' argument of organic deficiencies in the issuance of stock would cause all FIA shareholders to lose their shares. This is incorrect. A court in equity has the power and the responsibility to see that bona fide purchasers for value retain their stock or have new shares issued to them in the same proportionate amounts.

(See Com. Code, §§ 8301, 8302.) Lacking findings or further explanation, Friedman and the court's implied finding that the control group has been prejudiced by incumbents' delay in filing this action has no basis.

There are additional general principles that preclude the control group from relying on the passage of time as a defense to their actions. Where a corporation is controlled by persons accused of fraud who have continuously breached their fiduciary responsibilities, the limitations period should be tolled. (See Whitten v. Dabney (1915) 171 Cal. 621, 629.) "[A] defendant is not permitted to complain in equity about a plaintiff's failure to discover promptly a fraud committed against him where the plaintiff's lack of knowledge is the result of the defendant's success in concealing it." (Topanga Corp. v. Gentile (1967) 249 Cal.App.2d 681, 689.)

The notion that a wrongdoer should not be able to use limitations periods to shield his improper conduct was articulated by the California Supreme Court in Wyatt v. Union Mortgage Co. (1979) 24 Cal.3d 773. In refusing to time bar the action, Wyatt held "Statutes of limitations have, as their general purpose, to provide repose and to protect persons against the burden of having to defend against stale claims . . . So long as a person continues to commit wrongful acts in furtherance of a conspiracy to harm another, he can

neither claim unfair prejudice at the filing of a claim against him nor disturbance of any justifiable repose built upon the passage of time." (Id. at p. 786; see also Bennett v. Hibernia Bank (1956) 47 Cal.2d 540.)

We therefore hold incumbents' claims are not barred by the doctrine of laches.

IV

The Section 304 Action - Fitness of the Control Group to Serve as Directors.

Part IV of Friedman's report directed to incumbents' section 304 action makes factual findings on the basis of which Friedman recommends members of the control group (other than Caldwell) (Report at p. 70) be barred from serving as majority directors on FIA's board at any time. Friedman's factual findings are unchallenged. Incumbents quarrel only with certain of his legal conclusions and the court's partial rejection of his proposed remedy. Incumbents strongly disagree with the court's determination that members of the control group should be barred from serving as majority directors for only four years. Incumbents assert the appropriate equitable remedy is to permanently bar members of the control group from future fiduciary service.

Friedman's unchallenged factual findings include the following:

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"The record in this case does reveal a corporate history that is rife with FIA transactions and projects in which Palmer and Maxwell and various other members of the Control Group Directors, have had substantial personal interests." (Report at p. 56.)

"Having played key roles in FIA's rebirth and nurtured it to its present health (indeed, Maxwell was FIA's private banker during the hard times), they reflect the attitude that any crumbs they allow to fall from the corporate table are more than the other shareholders would otherwise have enjoyed if they hadn't come along -- i.e., their own concerns as controlling shareholders come first, and the interests of other shareholders are of secondary concern. Thus, there is evidence that corporate actions were taken in some instances primarily to benefit members of the Control Group, with no indication there was any consideration of the effect on FIA, its other shareholders or creditors. [¶] The potential for unfairness here is heightened by the very form and nature of the self-dealing transactions they undertook. They did not just do business with FIA, they also went into business with FIA on various construction and development projects as partners or joint-venturers, in most cases resulting in losses to FIA." (Report at p. 57.)

"The number and size of these related-party transactions is extraordinary, and it is undisputed that the corporation never established any policy to regulate transactions between it and its director/officer fiduciaries to assure the fairness thereof, or to provide for their review and approval by truly independent, disinterested directors upon full disclosure of the nature and extent of the conflicting interests." (Report at pp. 58-59.)

After reviewing the evidence in detail on several self-dealing transactions, Friedman reached the following unchallenged conclusions.

"What is significant here is the extent to which these actions reveal the incapability of the Control Group to provide the degree of objectivity and disinterestedness in making corporate decisions that FIA, a publically held and regulated company, deserves and has a right to expect FIA's involvement [in each of the foregoing self-dealing transactions] is attributable to a decision of one or more members of the Control Group Directors, with the others invariably going along out of personal friendship or loyalty, rather than using independent business judgment to determine what was best for FIA, to whom their duty of loyalty as directors belonged. Nor do any of the Control Group Directors show adequate recognition of this, or of the fiduciary responsibilities and constraints imposed on directors of a corporation such as FIA.

"In sum, the record reveals that during the time Maxwell and Palmer, and, variously, Tuthill, Stanley, Dunham and McCall, having served on and dominated FIA's Board of Directors, there have been numerous instances in which the corporate affairs have been badly mishandled in disregard of applicable legal and accounting requirements, and numerous actions have been taken primarily for their own benefit with little or no consideration of the effect on the other shareholders or corporation's creditors. Such repeated corporate and securities law violations, inordinate self-dealing, inadequate internal fiscal and management controls, and accounting and reporting improprieties, constitute sufficient abuse of authority and discretion to justify appropriate equitable relief to protect FIA against their continuation or

recurrence." (Report at pp. 68-69.)
(Emphasis supplied.)

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In light of these findings we reject Friedman's conclusionary statement that this was "not a case of corporate stealing or embezzlement, actual fraud, systematic concealment, or flagrant dishonesty" (Report at p. 57.) While it is arguable that from a technical perspective in the context of the criminal law each member of the control group may not have had the specific intent required for embezzlement or theft, we believe the record establishes "flagrant dishonesty" at least as those words are understood in the colloquial sense. We suspect to most people dishonesty is lack of trustworthiness; flagrant is obvious. From a linguistic perspective the control group's misdeeds including "corporate and securities law violations, inordinate self-dealing, inadequate internal fiscal and management controls, and accounting and reporting improprieties" (Report at p. 69) constitute "flagrant dishonesty." And if the foregoing acts do not amount to actual fraud because of the absence of an intent to deceive, at least they constitute constructive fraud. (Civ. Code, § 1573.)

The trial court, however, did not rest its decision on Friedman's incorrect characterization of the control group's conduct. The trial court decided on a different remedy because it believed that "the recommendation of the Special Master is

unworkable over the long term" (A.A. at p. 1178.)

Neither the judgment nor Friedman's report give us a clue as to why Friedman's proposed solution is unworkable. We believe it is workable. Lacking any explanation to the contrary, we reject the court's conclusion on this point.

In reviewing the order, however, we must look to what the court did and not what it said. We must affirm where the trial court acts correctly even though it may have done so for the wrong reason.

A court sitting in equity in a section 304 action has the power to bar a person from serving as a director for a prescribed period. In this sense, the trial court here acted within the scope of its power in barring service of control group members for four years. But how a court exercises its discretion necessarily turns on the facts before it. In this case the evidence has unequivocally established that for nearly two decades the control group disregarded the law and acted "primarily for their own benefit with little or no consideration of the effect on the other shareholders or the corporation's creditors." (Report at p. 69.) On this record to bar the control group (other than Caldwell) from serving as directors for only four years is disproportionate to the magnitude of the violations of their fiduciary responsibilities.

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An equitable remedy in the realm of corporate fiduciary violations must fit both the person who violated his trust and the circumstances of the violations. In both qualitative and quantitative terms the conduct of the control group is outrageous. A four-year limitation bears no rational relationship to its conduct. For this reason we assume the only basis for the trial court's imposition of a four-year bar was its determination the remedy recommended by Friedman was unworkable. Since there is no factual or legal basis for that determination, we reverse the court's order. The facts justify Friedman's recommendation. We therefore modify the order to prohibit Palmer, Maxwell, Tuthill, Stanley, Dunham and/or McCall from service as directors of FIA at any time if they would together comprise a majority of FIA's board of directors.⁶ Because the control group's substantial stock holdings may permit it to control a majority of the board, the order is further modified to prohibit the control group's right to vote on persons to serve on the committee nominating

⁶A court of equity having once acquired jurisdiction, will proceed to dispose of the entire controversy between the parties in order to do complete justice and prevent further litigation. (Edward Sidebotham & Son v. Chandler (1960) 183 Cal.App.2d 823, 831.) The permanent bar to service by members of the control group is subject to modification under appropriate circumstances should the trial court still mindful of the gravity of the control group's misconduct determine such modification necessary to do justice in resolving all the related actions between these parties.

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directors. This will further insure that a majority of FIA's board will be independent of the control group. The control group's stock shall also be restricted to preclude its arbitrary calling of special shareholders' meetings to elect new directors at any time its members become dissatisfied with the independently elected board.⁷ The control group cannot do indirectly what it is barred from doing directly. We leave to the trial court how the details of an appropriate order should be fashioned consistent with this opinion.

We also conclude the court's order seating the July 20 board is inherently contradictory to its acceptance of Friedman's findings relating to the control group's improper conduct. Because of that conduct the control group cannot serve as a majority on the board. To ignore Friedman's determination, even on a temporary basis, has the effect of asking the fox to guard the chicken coop. And even though the court may have imposed various restraints on the control group's conduct during this interim period, most of those restraints are nothing more than directing control group to perform its responsibilities in a lawful fashion, a task which

⁷We presume legend conditions will be imposed on the control group's stock to reflect restrictions on voting rights. However, members of the control group may sell their stock to unrelated persons free of the legend conditions subject to approval of the court on showing the prospective buyer is a bonafide purchaser for value.

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from an historical perspective, control group members were unwilling and/or unable to do.

The trial court seemingly made its decision to reinstate the control group because of its frustration with incumbents' zeal in attempting to invalidate and frustrate the July 20, 1984 election. The trial court described incumbents' efforts as "transparent attempt[s] at self-preservation and to thwart the upcoming election the Court had indicated on numerous prior occasions it planned to call." (A.A. at p. 1178.) Although we share the court's frustration with many of incumbents' self-righteous exhortations, we recognize the evidence supports many if not most, of incumbents' factual allegations. On these facts it is understandable why incumbents would attempt to reject the control group's persistent efforts to regain control of FIA. When left with choosing between self-righteous ideologues (incumbents) or self-dealing executives (control group), we must opt for the former. Thus Friedman's practical recommendation No. 5 (p. 10, ante) that the July 20, 1984 meeting be deemed invalid, although technically inconsistent with his conclusion that the meeting had been validly called, noticed and held, was eminently sensible and one which we believe should be followed. We therefore modify the order to retain the status quo, i.e., as it now exists under the order of October 19, 1984, pending a new election of a board of

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directors to be held at a duly noticed FIA shareholders' meeting as promptly as can be accomplished following the filing of the remittitur in this case. That election is subject to the court ordered supervision as set forth in the existing order.

V

The Section 709 Action - Validity of the Control Group's Stock.

A

1. Introduction

Incumbents' several arguments as to why we should invalidate the control group's stock and the results of the July 20, 1984 election are variations on a constant theme -- members of the control group gained control of FIA through a series of illegal and fraudulent actions. Incumbents say members of the control group should not only be barred from serving in any FIA fiduciary capacity (the section 304 action) but must be stripped of all benefits of FIA stock which they obtained by fraudulent means.

In a section 709 action, the burden of proving irregularity in the election of directors rests on the shareholders attacking the validity of that election; the shareholders are required to rebut the presumption of regularity as evidenced by the minutes of the meeting in question. (Shamel v. Lite Products Sales, Inc. (1955) 131 Cal.App.2d 33, 36 (under former

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section 2236), overruled on other grounds in Columbia Engineering Co. v. Joiner (1965) 231 Cal.App.2d 837.) Once the shareholders demonstrate irregularity in the circumstances surrounding the election -- here a challenge to the validity of the stock voted at that election -- the burden shifts to the defendant directors to show good faith and inherent fairness from the viewpoint of the corporation. (Cf. Jones v. H. F. Ahmanson & Co. (1969) 1 Cal.3d 93, 108-109 (Burden of proof in challenge to majority shareholders' use of power to detriment of minority shareholders); Tevis v. Beigel (1957) 156 Cal.App.2d 8, 15 (burden of proof under former section 820 challenging validity of transactions between a corporation and its directors.)

In order to establish their case incumbents took Friedman through a detailed review of FIA's history starting with the control group's entrepreneurial efforts in 1968 to revitalize a shell corporation known as Secur-Ur-Trip. Incumbents failed to persuade Friedman. He concluded there were no factual or legal reasons to invalidate the stock. Friedman's factual findings were adopted by the trial court. With respect the July 25, 1968 meeting to revive Secur-Ur-Trip, we conclude Friedman's findings are not supported by substantial evidence. We also conclude Friedman erred in placing the burden of proof on incumbents to show lack of good faith or fraud and therefore

remand the remaining portions of section 709 action for new trial.

For purposes of this review we consider the relevant transactions in chronological order, beginning with early 1968.

2. Revival of Secur-Ur-Trip/"Corporate Shell Game".

Before discussing the July 23, 1968 meeting and the error in allocation of the burden of proof we first consider and reject incumbents' claim the control group initiated its fraud on the system by obtaining the stock of the dormant public shell Secur-Ur-Trip in early 1968 and engaging in the so-called "corporate shell game." This pattern of financial manipulation involves the secondary distribution of shares to the public at artificially inflated prices without registration. (See Exh. 1252, Securities and Exchange Commission, Release Nos. 33-4982, 34-8638.)

Friedman concluded "the record unequivocally establishes that [the control group] at all times recognized the need for, and fully intended to 'register' any resale of their shares" (Report at p. 32.) In addition, " . . . the intended registered public offering of new shares by the corporation, accompanied by the registered resale of 10% of the shares received by the issuees in the March/April 1969 issuance, never came to fruition." (Id. at p. 33.) Thus the evil in the shell game which concerned the SEC was never intended and did not occur. (Ibid.)

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The sparse testimony on this issue supports Friedman's findings. Arnold O. Steele, attorney for Pacific Equities (formerly Secur-Ur-Trip) since at least the beginning of 1969, testified the plan was to register the shares and sell part of them to the public through a secondary offering. (29 R.T. at pp. 1004-1008.) Donal C. Noonan, the incumbents' expert testified the shell game never came to fruition because FIA could not get a clean opinion from Arthur Young. (31 R.T. at pp. 1398, 1402.)

3. Revival of Secur-Ur-Trip/July 25, 1968 Meeting.

Incumbents next contend the control group's actions in calling and conducting the July 25, 1968 meeting as Secur-Ur-Trip shareholders was improper and any action taken at the meeting illegal. (Former Corp. Code, § 2213.) They seek to invalidate all control group stock issued after the meeting. (A.O.B. at p. 60, fn. 43.) Incumbents cite three specific problems with the meeting:

(a) Less than 20 percent of the shareholders called the meeting. Article II, section 3 of the Secur-Ur-Trip By-Laws provided that special meetings could be called by "one or more shareholders holding not less than one-fifth of the voting power of the corporation." (Exh. 78.) Former Corporations Code section 2202 contained a similar requirement. At the time the control group became interested in Secur-Ur-Trip, there

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were 408,800 outstanding shares of the corporation's stock: 158,800 promotional shares held in an escrow account and owned primarily by the Klein family; and 250,000 free trading shares held by 551 shareholders. (Exh. 1200.) Thus the control group needed 81,760 shares (20% of 408,800) in order to hold the 20 percent of the outstanding shares required for calling a special meeting of the shareholders.

In March 1968 the control group (then designated as the shareholder's action committee (SAC)) informed Secur-Ur-Trip's public shareholders of SAC's interest in "revitalizing the present corporate structure. . . into a profitable entity" (Exh. 101.) In its letter SAC suggested it held 20 percent of the outstanding shares. (Ibid.)

In June 1968 SAC sent notice of a special meeting of Secur-Ur-Trip shareholders to be held on July 25, 1968 and solicited proxies for that meeting. The letter signed by the shareholders action committee stated "the undersigned individuals warrant that they own in excess of 20% of the common stock" of the corporation. (Exh. 104.)

Friedman concluded the control group had the required number of shares and the March 1968 letter was "not intentionally false or materially misleading." (Report at p. 23.) With respect to the June 1968 notice to shareholders Friedman concluded:

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"On the basis stated above, and again allowing for the inclusion of the Klein promotional shares as part of the SAC group for purposes of calling for a meeting, the call was not invalid. To be sure, the evidence as to who was a 'member' of SAC at any given time is inconsistent. However, it is clear that the Klein group shares, and the Watson shares were firmly committed to the SAC revival plan for Secur-Ur-Trip, and joined in the call for the meeting at which new management could be [sic] to get the company going again. (Report at p. 24.)

Friedman's findings concerning the number of shares owned or held by the control group are not supported by substantial evidence. The record unequivocally supports the conclusion SAC owned no more than 50,000 shares at the time it sent the March 1968 letter to the public shareholders and the June 1968 notice of the shareholders meeting.

Friedman's findings track the testimony that SAC had a "commitment" of the Klein family's full support, i.e., they had obtained from Klein cooperation in producing proxies or supporting votes. (23 R.T. at pp. 245, 246-247.) Charles Watson testified Klein's 158,000 votes came in at the July 1968 meeting. (Id. at p. 245.) "Commitment" of shares is not synonymous with ownership and the 158,000 shares were improperly included in the calculation of the 20 percent needed to call the meeting.

There is conflicting evidence regarding ownership of the Jack Eddy shares.⁸ However, even if the evidence concerning ownership of the Jack Eddy shares is viewed in the light most favorable to the findings and all 17,500 shares included, the SAC fell short of the required 20 percent ownership:

35,000 shares acquired from Bank of America (Exh. 1200; 26

R.T. at pp. 42-43.)

8,000 shares maximum acquired on the open market (Exh.

1156; Exh. 1200.)

17,500 shares purchased by Watson from Eddy

60,500 shares (21,260 short of the 20 percent)

Because SAC owned less than 20 percent of the outstanding shares when it sent the June 1968 notice of the shareholder's meeting, the July 25, 1968 shareholder's meeting was

⁸Watson testified he purchased 17,500 shares from Jack Eddy for \$175 when he first learned about Secur-Ur-Trip and divided those shares with John Lucas and Walter Palmer. (23 R.T. at pp. 203, 214.) There was also testimony that only 5,000 of Jack Eddy's shares were free trading, leaving 14,500 as part of the 158,800 promotional shares. (26 R.T. at pp. 88-89; Exhibit 76 (original shareholder list).) The stock register indicates Eddy never transferred the 14,500 promotional shares until 1980 when 7,250 (number of shares after the reverse stock split) were transferred to Walter Palmer. (Exh. 1057 at p. 526.) Palmer testified Watson's Jack Eddy shares were included in the calculation of the 20 percent needed to call the meeting, but he did not know how many Jack Eddy shares Watson had. (26 R.T. at pp. 44, 46-48.)

improperly called. This conclusion is unaffected by Friedman's finding SAC's March 1968 representations regarding stock ownership were not intentionally false or materially misleading. Fraud is not necessary to the factual finding that the meeting was improperly called.

(b) The Meeting Lacked a Quorum.

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Actions taken at an invalidly called special meeting of shareholders are invalid unless (1) a quorum was present at the meeting and (2) "... each of the persons entitled to vote, not present in person or by proxy, sign[ed] a written waiver of notice or a consent to the holding of the meeting, or an approval of the minutes thereof." (Former Corp. Code, § 2209.) Thus any deficiencies in SAC's calling of a special shareholders meeting could be remedied by presence of a quorum and consent or approval of the minutes by those who were absent. Here a quorum consisted of the presence in person or by proxy of the persons entitled to vote a majority, or 204,401 of the voting shares. (Exh. 78.)

Friedman found that:

"While the evidence on this question is conflicting and much disputed, the conclusion seems justified that the Klein group's 'promotional' shares, in addition to 170,600 other shares, were present to make the quorum but not to be voted for the election of directors. Although the meeting Minutes do not report this (another of the many frustrating documentary discrepancies

and inaccuracies that mark the Control Group's regime), the testimony, and common sense, supports such a conclusion.

"It is also asserted that Palmer forged a number of proxies in order to obtain a quorum for the meeting. While the evidence clearly establishes that Palmer was pushing to get proxies in for the meeting, it falls short of establishing he forged them. Clearly, Palmer (and SAC) together with the Klein group themselves had a quorum (majority) of the outstanding shares (50,000 plus 158,800 = 208,800 out of total 408,800). If Palmer and his group believed (erroneously) the required quorum was a majority of only the free trading shares (i.e., of 250,000 or 125,001), they then needed only about 75,000 proxies to add to their own 50,000 shares. In such case, it seems unlikely Palmer would forge an unnecessary additional 45,000 or so shares (i.e., to attain the reported number of 170,600). While the resolution of this question (as most other in this proceeding) is not free from nagging doubt, such doubts are not probative. Incumbents have not established the July 25, 1968 meeting or election of directors was invalid for lack of a quorum." (Report at pp. 24-25.)

Contrary to Friedman's conclusions, the record does not support his findings that there was a quorum at the meeting.

The minutes of the July 25, 1968 meeting signed by Palmer state there were a total of 170,600 shares represented in person or by valid proxy. (Exh. 1011 at pp. 186-187.) Palmer testified at trial that the 158,800 promotional shares would count toward the quorum of 204,401 (26 R.T. at p. 85.) indicating his awareness of the required number. Thus by the

control group's own admission, there were insufficient shares at the meeting to constitute a quorum.

Watson testified as the deadline approached there were not enough proxies and after a heated discussion with Watson, Palmer cured the problem by executing blank proxies to make up the shortfall. (23 R.T. at pp. 232-235, 251.) Watson's testimony concerning the argument with Palmer was corroborated by Gloria Sharkey who worked in the office with Watson and Palmer. The argument concerned the fact they needed more proxies and Palmer ended the discussion by saying he would take care of it. (23 R.T. at pp. 265-267.) Friedman did not expressly reject this testimony.

Palmer testified he did not forge any proxies. (26 R.T. at p. 84.) However, he admitted he destroyed the proxies in 1983 when Jeffrey Krinsk came on the board and initiated an investigation into Palmer's past conduct. (26 R.T. at p. 80.) Friedman describes Palmer's destruction of the corporate records as "an arguably irresponsible act by such a fiduciary." (Report at p. 29.) It is unclear on what basis Friedman concluded it was "unlikely Palmer would forge" the additional proxies. Based on the other evidence, Palmer's self-serving testimony lacks credibility. It is not the type of solid evidence needed to support the conclusion the proxies

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were not forged particularly where even Friedman acknowledged the question of forgery was "not free from nagging doubt."⁹ (Report at p. 25.)

4. March/April 1969 "Cheap Stock" Issuance

Incumbents argue stock issued to members of the control group pursuant to a series of 1969 stock issuances should be invalidated on grounds it was issued for inadequate consideration, i.e., it was "cheap stock."¹⁰ They claim the 1969 stock issuances represent further efforts by the control group to perpetrate a fraud in the system and reap immense profit for its members.

Former Article XII, section 11 of the California Constitution provided that "[no] corporation shall issue stock or bonds except for money paid, labor done, or property actually received, and all fictitious increase of stock or indebtedness

⁹Friedman also concluded FIA's preemptive rights were not properly eliminated in 1968 (Report at pp. 26-27) and this finding is unchallenged. Control group misreads Friedman's Report and argues there is substantial evidence to support a finding preemptive rights were properly eliminated. (R.B. at pp. 45-46.) The issue is not properly raised in the control group's response. In any case there is substantial evidence to support Friedman's conclusion.

¹⁰Former Corporations Commission Barnes defined "cheap stock" as shares issued in the recent past or proposed to be issued at a price less than the price at which shares of the same class are being issued. (33 R.T. at p. 1610.)

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shall be void." This provision was substantially preserved in the 1931 and 1977 versions of the General Corporations Law, and now appears in section 409(a). Section 409 and the earlier provisions do not require that stock be issued for any specific amount of consideration. (Marsh's California Corporation Law (2d ed. 1985), § 5.26 at p. 265.)

"If there is a consideration of some sort and the transaction is one that is intended to rebound to the benefit of the corporation in the prosecution of its corporate purposes, then we should say that, so far as we are concerned the requirements of the law in that regard, the consideration is sufficient, and, in a sense, adequate, although it may not be equal in value to that of the stock. . . ." (California Trona Co. v. Wilkinson (1912) 20 Cal.App. 694, 703 (regarding Art. VI, § 11).)

Shareholders may not attack the adequacy of consideration in the absence of fraud. (*Id.* at pp. 703, 705.) Former Corporations Code section 1112 states the applicable rule more precisely:

"The board of directors shall state by resolution its determination of the fair value to the corporation in monetary terms of any consideration other than money for which shares with or without par value are issued. In the absence of fraud in making the determination of value, it shall be conclusive." (Emphasis supplied.)

(i) Valuation of the Fabulous Five/Seven Corporation

Friedman concluded the \$300,000 valuation of Fabulous 5/7 (for which 1,200,000 shares were issued) was warranted based on

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a valuation of the motel and restaurant assets at \$240,000 and the Mission Valley leasehold interests at a minimum of \$60,000. The report continues:

"While Palmer's explanations are inconsistent, and even support arguments for a lower value, the fact remains that the final \$300,000 valuation didn't in any way increase the agreed number of shares to be issued by Pacific Equities to the 5/7 Braid group (i.e., 1.2 million). . . . Further, the \$300,000 value was also the corresponding value in relation to the negotiated and agreed value of the Peg-Con net assets, the result of essentially arm's-length negotiations as discussed above.

"Even if there was an overvaluation of the 5/7 assets, the evidence does not warrant the conclusion that any values were known to be false, or intended to deceive, or that any shareholders or subsequent creditors were in fact misled thereby to their actual detriment. (Report at pp. 42-43.)

Even if incumbents should not have been required to prove fraudulent misrepresentation in the valuation of Fabulous 5/7 assets, that improper allocation of burden of proof does not affect Friedman's findings. There is substantial evidence to support his conclusion. The threshold issue is whether there is proof of fraud in the determination of value.

Watson testified he received stock for delivering the shell. (29 R.T. at p. 1060.) Palmer testified in his deposition that he acquired 100,000 shares in this transaction in return for his forgiving a debt owed by Secur-Ur-Trip in the

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amount of \$25,000. (27 R.T. at pp. 743-744.) Corporations Code section 409(a) authorizes issuance of stock for labor and services rendered on behalf of the corporation. There is no evidence of deliberate over-valuation of the Fabulous 5/7 assets. Friedman's interpretation of the \$300,00 valuation includes the lower \$60,000 value placed on the leaseholds by Arthur Brodshatzer. (33 R.T. at pp. 1553, 1557.)

(ii) Valuation of Peg-Con

Friedman concluded that the \$100,000 value placed on the Peg-Con stock and underlying assets (for which 400,000 shares were issued) was proper as "the result of essentially arm's length bargaining. (Report at p. 43.) Friedman continues:

"The Peg-Con real-estate (apartments for sale) were valued by all the parties on an appraisal that failed to take into account some \$15,000 expectable sales expense, and Pacific Equities did incur such expenses upon later sale of the properties. On the other hand, the transaction seems to have been made in good faith and substantial value was realized. Whatever claim for damages the corporation might have had (particularly since arguably Maxwell and Tuthill in effect guaranteed the values), the difference in appraised value and realized value a few months later, under the circumstances of this case, do not justify now invalidating the shares issued for the Peg-Con stock.

"Similarly, the shares issued to Maxwell and Tuthill should not be invalidated because the balance sheet of Peg-Con, as presented in obtaining a Permit for the transaction, improperly included as cash-on-hand the

amount of a receivable the due date of which had been extended and payment of which was forthcoming shortly from funds in an escrow . . . [t]he receivable was, in fact, good and fully paid shortly after the stock was issued. (Report at pp. 43-44.)

Friedman concluded submission of a false balance sheet did not justify invalidation of the shares.

Although there is substantial evidence to support Friedman's conclusion, our analysis of this issue can not rest on that basis. Once incumbents identify improper accounting methods, the control group has the burden to prove good faith and inherent fairness. (Jones v. N. E. Ahmanson & Co., supra, 1 Cal.3d at p. 108.) Friedman improperly placed the burden of proof of fraud on incumbents. Because of this error and in light of Friedman's tentative language, we reverse the court's finding on this issue.

(iii) The 25 Cents per Share Issuance

Friedman concluded that the 25-cent value placed on shares issued to certain insiders did not render those shares invalid. His findings continue:

"Considering the above [that until the March/April 1969 stock issuance the corporation had no assets and no business], the 25-cent valuation cannot be found fraudulent, nor the determination the shares could not be sold for their \$1 par value as made in bad faith Here diverse individuals comprising basically three groups -- essentially strangers to each other -- all agree on a value for purposes of the transaction. . . . Indeed, some

"interests were so divergent that it required an intricate series of agreements, including placing their respectively agreed interests in a 'trust,' to tie down and stabilize their claims. Each serves as a sort of check on each other, and provides an arm's-length flavor within the class as an entirety. . . . So long as the price they set is above 2-cents [the price paid Bank of America for the original block of 35,000 shares], and, as here, the existing shareholders retain some ownership interest in the revived company (10%), then the existing shareholders are benefitted and the new investors are the ones who suffer immediate dilution. (Report at pp. 37-38.)

".

"The simple fact is, the actions of the Control Group at this stage, however much they had bungled numerous formalities and fouled any chance of raising more capital and taking a profit in some of their shares by a registered public offering, were a windfall bonanza to the existing shareholders whose company and stock had been moribund for several years. While the shares issued in the March/April 1969 transaction were relatively inexpensive shares (as early issues in a new company just starting business usually are), they were not, under all the circumstances, without fair consideration. For all the foregoing reasons, the shares should not be invalidated because issued at less than their '\$1 par value' (Report at pp. 40-41.)

In spite of the improper allocation of the burden of proof, we are satisfied that this error is harmless in light of Friedman's findings and evidence supporting those findings.

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Pacific Equities' directors made a specific finding in the March 25, 1969 minutes that the shares of the corporation could be sold for no more than 25 cents per share. (Exh. 1011 at p. 170.) There is no evidence the directors were aware of the market price when making that valuation in March. Palmer's memo to Steele regarding prices ranging between 75 cents and \$2.50 during the first and second quarters of 1969 (Exh. 75) was written in June 1969 and based on information from brokers on sales during the previous months. (28 R.T. at p. 809.) Again, there is no evidence of fraud. Although the stock may have been selling at significantly higher prices during the first two quarters of 1969, these prices were not based on the asset value of the corporation since, as the control group points out (R.A. at p. 72) the corporation had no assets until the March/April 1969 transactions. ¹¹

¹¹Friedman concluded the shares issued to Mellor in satisfaction of his claims against the corporation were not invalid for inadequacy of consideration, violation of permit requirements, or other grounds asserted by the incumbents for the reasons outlined in the findings on the "cheap stock" issuance. (Report at p. 46.) On appeal the incumbents' challenge to the valuation of the Mellor issuance is relegated to a footnote included as part of the argument on the 25 cents per share issuance. (See A.O.B. at p. 75, fn. 59.) It is unclear whether they appeal Friedman's findings on this particular issue. In any case, there is substantial evidence to support Friedman's conclusion that the stock issued to Mellor was not invalid.

5. Maxwell and Maglen Stock Pledged to the Corporation

Henry and Leyla Maxwell and Maglen Development Corporation pledged 360,000 shares of FIA stock to FIA to secure a promissory note to the corporation in the purchase of its interest in the Desert Isle project. (Exh. 537.) When Maxwell tendered full payment of the note, incumbents refused to return the stock without a legend concerning the pendency of these proceedings and the alleged invalidity of some of the shares. (Exh. 538, Exh. G to complaint.) Maxwell refused to accept stock in the defaced condition and he was declared in default on the note.

Friedman concluded the Maxwells and Maglen may vote the shares "unless and until they default in making payment of the balance due on their note after being notified the certificates will be returned to them by FIA in the same state as received under the pledge." (Report at pp. 54-55.) Incumbents do not challenge this finding. Accordingly it is not considered in this appeal.

However, incumbents do argue that the shares are invalid due to the control group's earlier improper transactions. Thus to the extent the Maxwell and Maglen stock may be traced to transactions successfully challenged in the section 709 action, it is subject to whatever remedy the court chooses to impose on remand.

6. Stock Purchased in 1971 and 1980

(1) Dismissal of Derivative Action

Incumbents argue for invalidation of stock purchased in 1971 from dissident directors and shareholders which resulted in dismissal of a derivative action without notice to the shareholders or court approval.

Friedman made the following findings:

"The latter share purchases [from board members who had filed the derivative action] terminated the derivative action since the shareholder-plaintiffs no longer had standing to continue to prosecute the action, and it was dismissed. Such dismissal of asserted corporate causes of action, effected by Palmer and Maxwell, the corporate fiduciaries against whom the action was brought, without the requisite safeguards of notice to all other shareholders and any independent Board and/or Court review, was improper. These events are further evidence of the failure of these fiduciaries to distinguish the corporate interests from their own . . . [A] review of the record and the authorities does not disclose that such conduct is a sufficient basis for finding the shares acquired in these circumstances invalid or without voting rights." (Report at pp. 52-53.)

The facts support Friedman's findings that the control group's actions were improper. Whether there is any legal support for his conclusion that "such conduct is [not] a sufficient basis for finding the shares acquired in these circumstances invalid or without voting rights," is a separate question discussed later in this opinion.

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The facts pertaining to the dismissal of what we call the derivative shareholders action are disturbing. The action to remove Palmer and Maxwell as directors, to appoint a provisional director to break a board deadlock for injunctive relief to prevent the holding of a July 20, 1971 shareholders meeting was filed on July 19, 1971. (Exh. 1052.) Maxwell testified he was willing to pay a premium to get rid of dissidents and get a calm board. (30 R.T. at p. 27.) Yet Maxwell testified he had no recollection of the lawsuit, its dismissal, the investigation of his actions as a director, or the purchase of Alesi's and Gauthier's stock. (29 R.T. at pp. 1198-1219; 30 R.T. at pp. 14-15.)

Richard Tuthill and Ernest Stanley, both elected directors at the July 20, 1971 meeting, testified they had no recollection of the lawsuit. (21 R.T. at pp. 177-190; 24 R.T. at p. 446; 25 R.T. at pp. 546-47.)

Palmer said he could not recall if he kept the temporary restraining order preventing the holding of the July 20 meeting a secret from the other board members. That meeting was conducted in spite of the issuance of the order. Palmer explained he stayed outside the meeting on the advice of counsel since he had been personally served. (25 R.T. at p. 597.)

Stanley was aware that Maxwell was purchasing Alesi's shares in exchange for Alesi's support for Maxwell's management and that purchase of the shares was part of the process for settling or dismissing the lawsuit. (23 R.T. at p. 17; see also Exh. 1235 (Crake's memo of meeting between Maxwell and Alesi about the purchase).) This testimony contradicts Stanley's testimony he had no recollection of the lawsuit.

The agreement for purchase of Gauthier's stock by Maxwell included Gauthier's promise to dismiss the lawsuit. (Exh. 1237.) Palmer testified he never obtained shareholder approval to settle the lawsuit, never gave notice to shareholders, and never reflected the legal action in any of the financial statements. (25 R.T. at p. 599.)

(ii) Purchase of Promotional Shares

Incumbents also assert the 79,400 promotional shares (originally 158,800 shares before the reverse stock split) acquired by Palmer and Maxwell in 1980 should be declared invalid as rightfully belonging to the corporation.

Friedman said:

"There is no evidence the acquisition opportunity was brought to the Board's attention. Thus, the Board did not 'consider the question of the fairness or propriety of a Board member or officer' purchasing the shares (Stanley 1/17 at pp. 32-43.) The evidence indicates FIA, which had recently emerged from Chapter 11 proceedings, easily had sufficient net and

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current assets to effect such a repurchase of its promotional shares. . . .

"Nevertheless, the question remains whether a corporate repurchase would have been prudent or benefited the other stockholders, particularly if the motive and purpose all along (as Incumbents contend) was to prevent this large block of shares from remaining in the hands of persons outside the Control Group?

"The Control Group argued in its Pre-discovery Memorandum that Palmer and Maxwell personally bought the stock based on the 'advice' of the Department of Corporations two years earlier that it would not approve a corporate reacquisition without 100% stockholder approval. While no substantiating record of any such 'advice' was presented, it is clearly within the Corporation Commissioner's administrative discretion to determine the conditions upon which a sale or transfer of such 'escrowed' promotional shares will be approved. And the Commissioner might very well have rejected the analysis Palmer had presented seeking to show how the repurchase would benefit all the stockholders, and disapproved the use of any corporate assets to repurchase shares which, by conditions imposed by the Commissioner, have no right to participate in any distribution of such assets or of profits until the holders of all other outstanding shares have received a return of the purchase price thereof (\$1 to 2.50 pre-split) plus cumulative dividends equal to 5% per share per annum. To require the consent of all the other shareholders would seem reasonable under such circumstances. Indeed, under such circumstances, Palmer's and Maxwell's use of corporate funds to effect a repurchase solely or primarily for the personal reasons of neutralizing a block of stock and protecting their control, would be wholly improper. In such case, their personal acquisition of

such shares cannot be considered 'a blatant usurpation of a corporate opportunity.' as contended by Incumbents.

'Moreover, for the promotional shares to have been validly transferred to Palmer and Maxwell, the consent of the Corporation's Commissioner was required. If such consent was obtained, no sufficient grounds have been presented to invalidate their acquisition. Incumbents have not sustained their challenge that the acquisition by Palmer and Maxwell of the promotional shares was inherently unfair or constituted usurpation of a corporate opportunity. (Report at pp. 49-50.)

Lacking evidence of the details on attempts to obtain approval of corporate repurchase and the purchase of promotional shares, Friedman's conclusion rests on speculation that the control group's actions did not constitute a "blatant usurpation of a corporate opportunity."¹² Accordingly we reject his conclusion on this point. We do so based on the following:

In 1980 Palmer coordinated purchase of a total of 79,400 of the original promotional shares and divided them with Maxwell. (30 R.T. at pp. 28-30.) The board had earlier applied for a

¹²The corporate opportunity doctrine generally pertains to an officer/director seizing a business opportunity in the same or related business -- and not to the officer/director's purchase of shares. (See Ballantine & Sterling, California Corporation Law (4th ed. 1986), § 104.01, pp. 6-25 - 6-26.)

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whether substantial evidence supports the court's findings and whether Friedman's findings were based on a proper allocation of the burden of proof. As we have explained we have decided that the July 25, 1968 meeting was improperly called, the meeting lacked a quorum and preemptive rights were not properly eliminated.¹³ Additionally we have noted the derivative shareholder action was settled without proper notice and members of the control group appeared to have profited by that action. We concluded incumbents should not have been required to prove the control group's fraud in the issuance of cheap stock once incumbents had identified irregularities in the transaction. It has also been established, as discussed earlier (see part IV) in the section 304 action, that in at least eight substantial transactions (Report at pp. 60-67)

¹³Without reference to authority Friedman concluded the only persons who could claim a violation of preemptive rights were then existing Pacific Equity Shareholders (Report at p. 34) and such rights could not be asserted by the corporation or derivatively on its behalf. He did not decide this issue on that ground, however, finding a waiver or estoppel by those entitled to make claims because of the passage of time and the failure of any shareholder to appear and assert such rights. (Report at p. 35.) Waiver and estoppel are mixed questions of fact and law. Our search through the record has revealed no evidence to support the factual findings upon which the legal conclusions must rest. We therefore reject the findings of waiver or estoppel. We also believe the failure of the control group to comply with the law relating to the elimination of preemptive rights is a legitimate factor to be considered in an equitable proceeding to invalidate their stock.

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members of the control group ignored their fiduciary responsibilities to the detriment of FIA. Considered collectively control group's gross improprieties warrant equitable relief.¹⁴ The extent of that relief is unclear.

We have several problems with implementing our conclusions on this record which lacks the precision necessary to enable us to fairly consider acts of individual members of the control group. Putting aside the control group's understandable failure to fully brief the extent of this court's equitable powers to its invalidate stock, preferring to rely on its substantial evidence arguments, neither party has fully articulated the criteria to be used in the invalidation process. There may be other more appropriate economic sanctions which should be conditionally imposed instead of stripping away substantial portions of stock. We are concerned that a decision from this court may overlook reasonable alternatives which fairly balance the rights of each person. Equity should be applied on an individual not collective basis.

¹⁴We say equitable relief even though legal relief may also be appropriate. By that we refer to the organic deficiencies in FIA's failure to comply with the corporate law. As explained above, we are unwilling to impose legal sanctions from this level since we believe those sanctions are more properly handled by the trial court which can consider the remedies issues in a single proceeding to avoid a piecemeal approach from this court.

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We are also cognizant of the pending cases in which incumbents are suing control group for damages. It would be manifestly unfair to the control group to invalidate substantial shares of stock and create the potential that members of the control group could be penalized twice. For these reasons we strongly urge the trial court to consider whether consolidation on some or all of the pending cases is the best solution to resolve the problems with which we have concern.

We are also sensitive to the different functions of trial and appellate courts. Although we have the power to invalidate some of the stock in accordance with our decision, we believe justice is best served if the trial court reconsiders the issue of invalidation in light of the principles expressed in this opinion. Part of our reluctance to invalidate portions of control group stock is based on our belief that the necessary legal and accounting aspects on the invalidation issue can best be heard and decided by the trial court.

Our reversal does not contemplate a new trial on those issues which we have decided are factually unsupported. We are satisfied the parties have made their best case and further factual rehashing is unnecessary. Should the court not elect to hear the remedies issues in one of the other proceedings for damages, we intend that on remand the parties will present only such legal arguments as necessary on the effect of the organic

deficiencies which we have described and appropriate relief to be imposed on the individual members of the control group. We leave to the trial court to determine the scope of relevant accounting evidence that may be necessary to effectuate our decision.

VI

The Preliminary Injunction

Incumbents also request release of the preliminary injunction issued on October 19, 1984 which this court reinstated as part of its order granting the petition for writ of supersedeas. (Order dated May 20, 1985.) The preliminary injunction limits the corporate authority of incumbents during the pendency of this action. (A.A. at pp. 514-517.) We believe the status quo should be preserved pending the long-awaited shareholders' meeting to elect directors and therefore instruct the trial court to maintain the injunction until that date.

VII

Petition for Writ of Mandate

After oral argument the warfare between the parties has continued unabated. We have been the beneficiary of several petitions for extraordinary relief and unsolicited letters.

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The parties have clearly rejected any effort at arms control. Included among our more recent missiles is incumbents' petition D004838 filed July 15, 1986, asking us to stay Judge Adams' July 1, 1986, injunctive order and for a writ of mandate to order the trial court to vacate the October 19, 1984, and July 1, 1986, injunctions. Without repeating all that has been said we vacate the trial court's July 1, 1986 order. We also deny incumbents' request to vacate the October 19, 1984 injunction.

Incumbents challenge the sufficiency of the bond originally posted to secure the October 19, 1984, injunction, saying (1) the bond was fraudulently obtained by Palmer's representing to the surety that he was the president of FIA when in fact he no longer had that authority and (2) it was improper to obligate FIA as an indemnitor on the bond when the purpose of posting the bond was to protect FIA from damage resulting from the injunction. The trial court took under submission, without a ruling, incumbents' challenge to the validity of the bond (made by motion under Code of Civil Procedure § 996.010), and ordered Palmer to post an additional "backup" bond holding incumbents harmless for any consequences of the injunctions imposed in this matter, the new bond to be effective should the original bond be found invalid for any reason. Incumbents say the bond

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was clearly invalid and therefore the injunction is likewise void and must be dissolved upon request. (Citing Casitas Inv. Co. v. Charles L. Harney, Inc. (1962) 203 Cal.App.2d 811, 815, and Code of Civil Procedure § 529.) This challenge is premature, since the trial court has yet to rule on the claim of insufficient bond. However, we note probable merit in incumbents' argument inasmuch as (1) Palmer could not obtain a valid bond on the basis of authority stripped from him by the injunction and (2) it is likewise improper to use the credit of the protected party to secure a bond. (Cf. Azusa Western, Inc. v. City of West Covina (1975) 45 Cal.App.3d 259, 263.) The remedy, if the alleged facts are found to exist, is obviously not to dissolve the injunction nor to "back up" the bond but to prescribe a proper procedure for the posting of adequate security. Accordingly the trial court is directed promptly to rule upon this claim and, if appropriate, order posting of new, adequate security.

We also deny incumbents' request to disqualify Judge Adams. Code of Civil Procedure section 170.1 sets out the statutory grounds to disqualify a judge. If incumbents believe they have grounds under any of these provisions including Code of Civil Procedure section 170.1, subdivision 6(c) they should

Walter L. Palmer
Hotel Consultant

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March 10, 1992

Ms. Lois G Lerner
Associate General Counsel
FEDERAL ELECTION COMMISSION
Washington, DC 20463

Reference: Violation of Federal Election Code, Excessive
Contributions to Congressional Candidates, Case MUR 3456

Subject: Complaint against William Lerach, Milberg, Weiss,
Bershad, Specthrie & Lerach, Leonard B. Simon, et. al.

Dear Ms. Lerner:

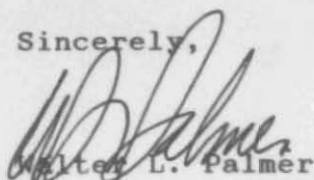
On November 26, 1991, your office acknowledged receipt of the
above Complaint and assigned Case No. MUR 3456 to it.

As I indicated in my letters, this is the type of matter that is
often neglected due to the political clout of the respondents.
Since I have not received any information concerning the progress
of your office in bringing these people to an accounting for
their actions, I fear the worst. Please take a moment to bring
me current on your progress.

By copy of this letter I am again informing our Congressional
delegation that, despite their inquiries into this matter in my
behalf, no information has been forthcoming from any source.
Again, I fear that the financial clout of Milberg, Weiss et. al.
is rearing its ugly head...

Please, show me that millionaire Democrat lawyers have to observe
the same laws as the rest of us.

Sincerely,


Walter L. Palmer

92 MAR 16 PM 3:40

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

93040934523



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 31, 1992

Walter L. Palmer
5183 Cassandra Lane
San Diego, CA 92109

RE: MUR 3456

Dear Mr. Palmer:

This is in response to your letter dated March 16, 1992, in which you request information pertaining to the complaint you filed on November 19, 1991, with the Federal Election Commission.

The Federal Election Campaign Act of 1971, as amended ("the Act") prohibits any person from making public the fact of any notification or investigation by the Commission, prior to closing the file in the matter, unless the party being investigated has agreed in writing that the matter be made public. See 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A). Because there has been no written agreement that the matter be made public, we are not in a position to release any information at this time.

As you were informed by letter dated November 26, 1991, we will notify you as soon as the Commission takes final action on your complaint.

Sincerely,

A handwritten signature in cursive script, reading "Noriega E. James", is written over the typed name.

Noriega E. James
Paralegal

93040934524

DUNCAN HUNTER
45TH DISTRICT, CALIFORNIA
CHAIRMAN
REPUBLICAN RESEARCH COMMITTEE
COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE:
SEAPOWERS
RESEARCH AND DEVELOPMENT
REPUBLICAN TASK FORCE
ON AGRICULTURE



The 102d Congress
U.S. House of Representatives
Washington, DC 20515

133 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-5872
FAX: (202) 225-0235
368 SOUTH PIERCE STREET
EL CAJON, CA 92020
(619) 579-3001
1101 AIRPORT ROAD, SUITE G
IMPERIAL, CA 92251
(619) 363-5420
825 IMPERIAL BEACH BOULEVARD
IMPERIAL BEACH, CA 92032
(619) 423-3011

March 30, 1992

Ms. Lois G. Lerner
Federal Election Commission
Washington, D.C. 20463

Dear Ms. Lerner:

I am writing on behalf of Mr. Walter L. Palmer who has requested my assistance with his request.

The enclosed letter outlines his request and I would appreciate any assistance you can provide my constituent in resolving this matter.

As always, thank you for your kind attention and prompt response to this matter.

Sincerely,

Duncan Hunter
Duncan Hunter
Member of Congress

DH/bm/sls
ref 0131L

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OFFICE OF GENERAL COUNSEL
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MAR 11 1992

March 10, 1992

Ms. Lois G Lerner
Associate General Counsel
FEDERAL ELECTION COMMISSION
Washington, DC 20463

Reference: Violation of Federal Election Code, Excessive
Contributions to Congressional Candidates, Case MUR 3456

Subject: Complaint against William Lerach, Milberg, Weiss,
Bershad, Specthrie & Lerach, Leonard B. Simon, et. al.

Dear Ms. Lerner:

On November 26, 1991, your office acknowledged receipt of the
above Complaint and assigned Case No. MUR 3456 to it.

As I indicated in my letters, this is the type of matter that is
often neglected due to the political clout of the respondents.
Since I have not received any information concerning the progress
of your office in bringing these people to an accounting for
their actions, I fear the worst. Please take a moment to bring
me current on your progress.

By copy of this letter I am again informing our Congressional
delegation that, despite their inquiries into this matter in my
behalf, no information has been forthcoming from any source.
Again, I fear that the financial clout of Milberg, Weiss et. al.
is rearing its ugly head...

Please, show me that millionaire Democrat lawyers have to observe
the same laws as the rest of us.

Sincerely,

Walter L. Palmer

93040934526
DUNCAN-
BUT NEVER
YOUR OFFICE
SENT ANY
RESPONDED
CONCRETE INFO-
WALT.

MUR 3456



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 17, 1992

The Honorable Duncan Hunter
U.S. House of Representatives
133 Cannon Building
Washington, D.C. 20515

Dear Mr. Hunter:

This is in response to your letter dated March 30, 1992, on behalf of Mr. Walter L. Palmer. Mr. Palmer appears to be seeking your assistance in obtaining information concerning the complaint he filed with the Commission on November 19, 1991.

For your information and as Mr. Palmer has been advised by letter, the Federal Election Campaign Act of 1971, as amended ("the Act") prohibits any person from making public the fact of any notification or investigation by the Commission, prior to closing the file in the matter, unless the party being investigated has agreed in writing that the matter be made public. See 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A). Because there has been no written agreement that the matter be made public, we are not in a position to release any information at this time.

Mr. Palmer will be notified of the disposition of this matter as soon as the Commission takes final action on his complaint. If you have any questions please contact me at 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in dark ink, appearing to read "L. Lerner", is written over the typed name of Lois G. Lerner.

BY: Lois G. Lerner
Associate General Counsel

93040934527

RECEIVED
F.E.C.
SECRETARIAT

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

92 MAY 20 AM 10:31

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

MUR # 3456
DATE COMPLAINT RECEIVED
BY OGC: November 19, 1991
DATE OF NOTIFICATION TO
RESPONDENTS: November 26, 1991
STAFF MEMBER: Noriega E. James

COMPLAINANT: Walter L. Palmer

RESPONDENTS: William Lerach

Milberg, Weiss, Bershad, Specthrie
& Lerach

RELEVANT STATUTES: 2 U.S.C. § 441a(f)
2 U.S.C. § 441a(a)(3)
2 U.S.C. § 441a(a)(1)(A)
11 C.F.R. § 110.5(c)(2)

INTERNAL REPORTS CHECKED: Disclosure reports; FEC indexes

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

On November 19, 1991, the Commission received a signed and sworn complaint from Walter L. Palmer (the "Complainant"). See Attachment 1. The Complainant alleges that William Lerach and the law firm of Milberg, Weiss, Bershad, Specthrie & Lerach (the "Respondents") violated and conspired to violate "Election Law and the Election Code," based on an article that appeared in the San Diego Edition of the Los Angeles Times. See Attachment 1, pages 3 - 5. Mr. Lerach and the law firm were notified and counsel for William Lerach has submitted a response to the complaint. See Attachment 2.

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II. FACTUAL AND LEGAL ANALYSIS

2 U.S.C. § 441a(a)(3) limits total contributions by an individual in any calendar year to \$25,000. Under this section, any contribution to a candidate or authorized committee with respect to a particular election made in a non-election year shall be considered to be made during the calendar year in which such election is held.

2 U.S.C. § 441a(a)(1)(A) limits contributions by an individual to a federal candidate to \$1,000 per election.

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The newspaper article, attached to the complaint, focused on the contributions made by William Lerach, and attorneys working for the law firm of Milberg, Weiss, Bershad, Specthrie & Lerach and some of their spouses. The article, which is titled "Big-Name Fund-Raising Event Prompts Questions," suggests that attorneys who hosted and attended a political fundraiser did so as an opportunity to lobby and reward "Senate Democrats for their authorship" and support of legislation that would benefit them. The article points to this as an example of "big-money" influencing political decisions. However, with regard to the fundraiser, the article does not point to, or specifically allege, a violation of Federal Election Campaign Laws.

The article goes on to state that according to Federal Election Commission records, Mr. Lerach, his family members and members of his law firm have, in the aggregate, made \$218,000 in contributions "to congressional candidates before the 1990 election." The article also states that Mr. Lerach personally made \$58,000 in contributions for 1990. This Office's review of

the Commission's records discloses that Mr. Lerach made the following contributions attributable to the 1990 calendar year:

20-APR-1989	\$1,000.00	P	90 Kerry Committee/Senate
13-JUN-1989	\$1,000.00	P	90 Citz for Biden\Sen
07-JUL-1989	\$1,000.00	P	90 Howell Heflin/Senate
07-JUL-1989	\$1,000.00	G	90 Howell Heflin/Senate
31-DEC-1989	\$1,000.00	P	90 Nita Lowey for Congress
31-DEC-1989	\$1,000.00	P	90 Ted Muenster/Senate
31-DEC-1989	\$1,000.00	G	90 Ted Muenster/Senate
10-JAN-1990	\$2,000.00	P	90 John Conyers/Congress
10-JAN-1990	\$1,000.00	G	90 Citz for Biden '90\Sen
17-JAN-1990	\$500.00	p	90 Sikorski\Congreeman
17-JAN-1990	\$500.00	P	90 Sikorski\Congreeman
26-JAN-1990	\$1,000.00	P	90 Bill Bradley\Senate 90
26-JAN-1990	\$1,000.00	G	90 Bill Bradley\Senate 90
30-MAR-1990	\$1,000.00	P	90 Oklahomans for Boren\Sen
02-APR-1990	\$1,000.00	P	90 John Innelli\Congress ¹
02-APR-1990	\$1,000.00	G	90 John Innelli\Congress ²
17-APR-1990	\$1,000.00	P	90 Byron Georgiou\Congress
19-APR-1990	\$20,000.00	P	90 DSCC
23-APR-1990	\$1,000.00	P	90 Re-Elect Sen Pell Comm
23-APR-1990	\$1,000.00	G	90 Re-Elect Sen Pell Comm
09-MAY-1990	\$1,000.00	p	90 Baron Hill/Hoosier for/Sen ³
30-MAY-1990	\$1,000.00	G	90 Baron Hill/Hoosier for/Se
01-JUN-1990	\$1,000.00	P	90 Albert Gore\Senate
01-JUN-1990	\$1,000.00	G	90 Albert Gore\Senate
30-JUN-1990	\$1,000.00	P	90 Nat Assn Securities PAC
30-JUN-1990	\$1,000.00	G	90 Kerry Committee\Senate
30-JUL-1990	\$1,000.00	G	90 John Innelli\congress
19-SEP-1990	\$4,000.00	P	90 Nat Assn Securities PAC
16-OCT-1990	\$1,000.00	P	90 Lonsdale for Senate
16-OCT-1990	\$1,000.00	G	90 Lonsdale for Senate
29-OCT-1990	\$1,000.00	G	90 Jim Bates for Congress
29-OCT-1990	\$2,000.00	G	90 Harvey Gantt for Senate
02-NOV-1990	\$1,000.00	G	90 Mike Synar from Congress
26-NOV-1990	\$1,000.00	P	90 DCCC

TOTAL: \$57,000.00

On December 5, 1991, counsel for Mr. Lerach submitted a response to the complaint in which counsel argues the complaint

1. Made through the partnership of Milberg, Weiss, Bershad, Specthrie & Lerach and attributed solely to William Lerach.

2. Ibid.

3. Reported as a \$2,000 contribution for the primary election; however, \$1,000 was redesigned timely for the general election.

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should be dismissed and the Commission should take no further action on this matter. See Attachment 2. Counsel contends that the allegations are "vague statements" and that the complaint does not identify any violations with any specificity and therefore, it is impossible for Mr. Lerach to respond. The response also suggests that the complaint was filed as retaliation against respondents for representing clients in a suit against the complainant, Walter L. Palmer. Counsel included a copy of the unpublished opinion of the California Court of Appeals from this case, which is available for review in this Office. The response fails to address whether or not Mr. Lerach exceeded any of the statutory contribution limits.

Based on Commission records it appears that Mr. Lerach has exceeded the annual aggregate limit on contributions by \$32,000 for the 1990 calendar year. Additionally, it appears that Mr. Lerach exceeded, by \$2,000, the per election limit on contributions to a candidate, by making \$2,000 contributions, designated for the 1990 general election, to John Innelli for Congress and Harvey Gantt for Senate. This Office thus recommends that the Commission find reason to believe that William Lerach violated 2 U.S.C. §§ 441a(a)(3) and 441a(a)(1)(A) and that the Commission deny the request to dismiss the complaint and to take no further action against Mr. Lerach in this matter.

With respect to the law firm named in the complaint, a review of the Commission's indexes did not reveal that the law firm violated any of the statutory limits on

contributions. Additionally, the review did not establish that Melvyn I. Weiss, David J. Bershad or Jared Specthrie had violated any statutory limits.⁴ Therefore, this Office recommends that the Commission find no reason to believe that the law firm of Milberg, Weiss, Bershad, Specthrie & Lerach violated the Federal Election Campaign Act based on the complaint in this matter.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

4. According to the Martindale-Hubbell Law Directory 1991, the law firm of Milberg, Weiss, Bershad, Specthrie & Lerach has offices in California and New York with more than 70 members and associates. Since there are no specific allegations against any individuals other Mr. Lerach, this Office checked only the contributions of the name members of the firm. Additionally, the review did not reveal that any of the identifiable members of the Respondents' families violated any of the statutory limits on contributions based on the complaint in this matter.

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IV. RECOMMENDATIONS

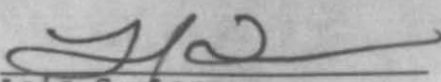
1. Reject the request to dismiss the complaint and to take no further action against William Lerach in this matter.
2. Find reason to believe that William Lerach violated 2 U.S.C. §§ 441a(a)(3) and 441a(a)(1)(A).
3. Offer to enter into conciliation with William Lerach prior to a finding of probable cause to believe.
4. Find no reason to believe that Milberg, Weiss, Bershad, Specthrie & Lerach violated the Act based on the complaint in this matter and close the file with respect to this respondent.
5. Approve the appropriate letters and attached Factual and Legal Analysis and proposed conciliation agreement.

Lawrence M. Noble
General Counsel

Date

5/18/92

BY:


Lois G. Lerner
Associate General Counsel

Attachment:

1. Complaint
2. Response to complaint
3. Factual and Legal Analysis
4. Proposed Conciliation Agreement

93040934533

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

William Lerach; Milberg, Weiss,
Bershad, Specthrie and Lerach.

)
)
)
)
)

MUR 3456

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 26, 1992, the Commission decided by a vote of 6-0 to take the following actions in MUR 3456:

1. Reject the request to dismiss the complaint and to take no further action against William Lerach in this matter.
2. Find reason to believe that William Lerach violated 2 U.S.C. §§ 441a(a)(3) and 441a(a)(1)(A).
3. Offer to enter into conciliation with William Lerach prior to a finding of probable cause to believe.
4. Find no reason to believe that Milberg, Weiss, Bershad, Specthrie and Lerach violated the Act based on the complaint in this matter and close the file with respect to this respondent.

(continued)

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5. Approve the appropriate letters and Factual and Legal Analysis and proposed conciliation agreement, as recommended in the General Counsel's Report dated May 18, 1992.

Commissioners Aikens, Elliott, McDonald, McGarry, Potter, and Thomas voted affirmatively for the decision.

Attest:



Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Wed., May 20, 1992 10:31 a.m.
Circulated to the Commission: Wed., May 20, 1992 4:00 p.m.
Deadline for vote: Tues., May 26, 1992 4:00 p.m.

bjr

93040934535



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 8, 1992

Milberg, Weiss, Bershad, Specthrie
& Lerach
2000 Central Savings Tower
225 Broadway
San Diego, CA 92101-5050

RE: MUR 3456
Milberg, Weiss, Bershad,
Specthrie & Lerach

To Whom it May Concern:

On November 26, 1991, the Federal Election Commission notified Milberg, Weiss, Bershad, Specthrie & Lerach of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On May 26, 1992, the Commission found, on the basis of the information in the complaint, that there is no reason to believe Milberg, Weiss, Bershad, Specthrie & Lerach violated the Act based on the complaint in this matter. Accordingly, the Commission closed its file in this matter as it pertains to Milberg, Weiss, Bershad, Specthrie & Lerach.

This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. If you wish to submit any materials to appear on the public record, please do so within ten days. Please send such materials to the Office of the General Counsel.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Leiner
Associate General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 8, 1992

Judith L. Corley, Esquire
Perkins Coie
607 14th Street, N.W.
Washington, DC 20005

RE: MUR 3456
William Lerach

Dear Ms. Corley:

On November 26, 1991, the Federal Election Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, the Commission, on May 26, 1992, found that there is reason to believe William Lerach violated 2 U.S.C. §§ 441a(a)(3) and 441a(a)(1)(A), provisions of the Act. Also, on the same date, the Commission rejected your request to dismiss the complaint and to take no further action against William Lerach. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against William Lerach. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against William Lerach, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

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Judith L. Corley, Esquire
Page 2

If your client is interested in expediting the resolution of this matter by pursuing preprobable cause conciliation and if he agrees with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

If you have any questions, please contact Noriega E. James, the staff member assigned to this matter, at (202) 219-3400.

Sincerely,

Joan D. Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Conciliation Agreement

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: William Lerach

MUR: 3456

2 U.S.C. § 441a(a)(3) limits total contributions by an individual in any calendar year to \$25,000. Under this section, any contribution to a candidate or authorized committee with respect to a particular election made in a non-election year shall be considered to be made during the calendar year in which such election is held.

2 U.S.C. § 441a(a)(1)(A) limits contributions by an individual to a federal candidate to \$1,000 per election.

The Commission received a signed and sworn complaint from Walter L. Palmer (the "Complainant") against William Lerach, (the "Respondent"). The complaint alleges that the Respondent exceeded the \$25,000 annual aggregate limit on contributions by \$58,000 for the 1990 calendar year. A review of the Commission's records discloses that Mr. Lerach made the following contributions attributable to the 1990 calendar year:

20-APR-1989	\$1,000.00	P	90 Kerry Committee/Senate
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07-JUL-1989	\$1,000.00	P	90 Howell Heflin/Senate
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02-APR-1990	\$1,000.00	P	90 John Innelli\Congress ¹
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30-JUL-1990	\$1,000.00	G	90 John Innelli\congress
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16-OCT-1990	\$1,000.00	P	90 Lonsdale for Senate
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29-OCT-1990	\$1,000.00	G	90 Jim Bates for Congress
29-OCT-1990	\$2,000.00	G	90 Harvey Gantt for Senate
02-NOV-1990	\$1,000.00	G	90 Mike Synar from Congress
26-NOV-1990	\$1,000.00	P	90 DCCC
TOTAL:			\$57,000.00

On December 5, 1991, counsel for Mr. Lerach submitted a response to the complaint. According to counsel, the complaint should be dismissed and the Commission should take no further action on this matter. Counsel states that the allegations are "vague statements" and that the complaint does not identify any violations with any specificity and therefore, it is impossible for Mr. Lerach to respond. The response went on to suggest that the complaint was filed as retaliation against respondent for representing clients in a suit against the complainant, Walter L. Palmer. Counsel included a copy of the "unpublished opinion" of the California Court of Appeal from this case. The

1. Made through the partnership of Milberg, Weiss, Bershad, Specthrie & Lerach and attributed solely to William Lerach.

2. Ibid.

3. Reported as a \$2,000 contribution for the primary election however \$1,000 was redesigned timely for the general election.

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response fails to address whether or not Mr. Lerach exceeded any of the statutory contribution limits.

Based on Commission records it appears that Mr. Lerach has exceeded the annual aggregate limit on contributions by \$32,000 for the 1990 calendar year. Additionally, it appears that Mr. Lerach exceeded, by \$2,000, the per election limit on contribution to a candidate, by making separate \$2,000 contributions, designated for the 1990 general election, to John Innelli for Congress and Harvey Gantt for Senate. Therefore, there is reason to believe that William Lerach violated 2 U.S.C. §§ 441a(a)(3) and 441a(a)(1)(A).

93040934541

OGC 4833

PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
607 FOURTEENTH STREET, N.W. • WASHINGTON, D.C. 20005-2011 • (202) 628-6600

June 12, 1992

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JUN 12 PM 1:10

Noriega James
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3456 - William Lerach

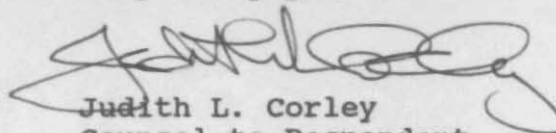
Dear Mr. James:

This is to request an extension of time to respond to the Commission's letter dated June 8, 1992, notifying Mr. Lerach that the Commission had found reason to believe that he had violated the campaign laws.

We ask for an additional 20 days to respond in order to have sufficient time to review the records involving Mr. Lerach's 1990 contribution activity, consult with the client and prepare a response to the Commission's findings.

With the extension of time, the response would be due no later than July 16, 1992. If possible, we will file the response before that date. If you have any questions or need additional information, please contact the undersigned at 202/434-1622.

Very truly yours,


Judith L. Corley
Counsel to Respondent

[17145-0001/DA921640.024]

93040934542



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 16, 1992

Judy Corley, Esquire
Perkins Coie
607 14th Street, N.W.
Washington, DC 20005

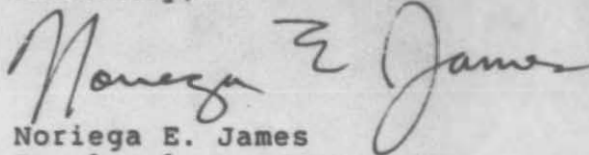
RE: MUR 3456
William S. Lerach

Dear Ms. Corley:

This is in response to your letter dated June 12, 1992, requesting an extension of 20 days to respond to the Commission's reason to believe finding. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on July 16, 1992.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,


Noriega E. James
Paralegal

93040934543

OGC 5206

PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
607 FOURTEENTH STREET, N.W. • WASHINGTON, D.C. 20005-2011 • (202) 628-6600

July 16, 1992

Noriega E. James
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3456 - William Lerach

Dear Mr. James:

This letter is in response to the Commission's letter dated June 8, 1992 notifying Mr. Lerach that it had found reason to believe he had violated the federal campaign laws making contributions in excess of the \$25,000 annual contribution limitation for individuals, and by making two contributions to a candidate that exceeded the contribution limits for a particular election. The following discussion will outline the reasons that Respondent believes the Commission's conclusions were incorrect.

Contributions on Joint Account

During 1990, Mr. Lerach and his then-wife, Kelly, maintained a joint checking account for payment of their day-to-day living expenses, including the making of political contributions. Mr. Lerach believed that all checks written out of this account represented joint expenditures of the two spouses. Mr. Lerach was aware of the \$1,000 contribution limit per candidate per election and sought at all times to stay within these limits. Thus, he assumed that a check for \$2,000 to a candidate would be attributed \$1,000 to himself and \$1,000 to his wife. Mr. Lerach was not aware of the Commission's requirement that contributions signed by only one of the signatories on a joint account must be attributed entirely to the individual signing the check. Therefore, he made no effort to obtain his wife's signature on contribution checks.¹

¹Similarly, on those occasions when his wife signed contribution checks, her signature alone appeared.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JUL 16 PM 3:51

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Even if Mr. Lerach had been familiar with the details of federal campaign finance laws (which he was not), the Commission's positions on joint assets of a husband and wife in various context is contradictory, and, as a result, confusing. On the one hand, a campaign is prohibited from assuming a contribution on a joint checking account is a contribution from both a husband and wife. On the other hand, a spouse is presumed to have access to the other spouse's account for purposes of making contributions, even if the spouse does not have signatory authority on that account. In another example, a candidate is prohibited from using more than one-half of the equity in assets jointly-owned with a spouse, even if the noncandidate spouse readily approves.

Mr. Lerach's understanding of the attribution of joint checking account contributions is a common one. Even campaigns report contributions on such joint accounts as single contributions from Mr. and Mrs. Doe.

Each of the two findings of the Commission (discussed further below) must be viewed in light of Mr. Lerach's understanding, mistaken as it was, of the application of the individual contribution limitations under the law. He believed that he (and his spouse) were within the limits set out in the law and had no intention of exceeding the contribution limits at any time.

Annual Contribution Limit

The General Counsel's report lists \$57,000 contributions that it attributes as made by William Lerach during the calendar year 1990. Of this amount, however, the following adjustments must be made:

- The \$2,000 in contributions to Friends of Howell Heflin was actually made by a check signed by Mr. Lerach's then-wife, Kelly Lerach. The contribution, therefore, should have been attributed to her rather than Mr. Lerach. A copy of the check is attached as Exhibit A.
- The \$20,000 contribution to the Democratic Senatorial Campaign Committee was refunded by that committee. The Commission in its records has apparently attributed the refund to a second \$20,000 contribution to the DSCC made by Mr. Lerach in 1991.

Noriega E. James
July 16, 1992
Page 3

The refund was intended, for obvious reasons, to apply to the 1990 contribution. A copy of the refund check is attached as Exhibit B.

- The \$4,000 contribution made by Mr. Lerach's law firm to NASCAT PAC was attributed to Mr. Lerach in error. The contribution was to have been attributed to other partners of the firm. A copy of the corrected attribution filed by NASCAT PAC is attached as Exhibit C.
- \$1,000 of the \$2,000 contribution to the Lonsdale for U.S. Senate committee was refunded by the campaign. A copy of the committee's report reflecting the refund is attached as Exhibit D.
- \$1,000 of the \$2,000 contribution to the Harvey Gantt for Senate committee was refunded by the campaign. A copy of the committee's report reflecting the refund is attached as Exhibit E.

As a result of the refunds and other changes described above, Mr. Lerach actually contributed only \$29,000 to candidates and committees for calendar year 1990. While even with the adjustments outlined above this amount would appear to be in excess of the \$25,000 limit, Mr. Lerach actually believed that he had contributed substantially less than the 25,000 limit. As discussed above, Mr. Lerach understood that contributions made on a joint account would be attributed in equal proportions to each of the spouses on the account. Such an attribution would have placed his contributions at barely half of the applicable limit.

Contributions to Single Election

The Commission also found reason to believe that Mr. Lerach had made excessive contributions to two candidates in connection with the 1990 general election. In both cases, Mr. Lerach made a \$2,000 contribution which was attributed to the general election.

In the case of the contribution to Harvey Gantt for U.S. Senate, as noted above, \$1,000 of the contribution was refunded. But more importantly, as also discussed above, the contribution was originally assumed by Mr. Lerach to have been

Noriega E. James
July 16, 1992
Page 4


attributable to both him and his wife, and, therefore, that it was not excessive. The same reasoning applied to the contribution to Ianelli for Congress.

Conclusion

As this discussion has shown, Mr. Lerach had no intention of making excessive contributions to federal candidates in the 1990 elections. He made what is apparently a common error, in assuming that contributions on a joint checking account would be attributed to both him and his wife. Nonetheless, despite this misunderstanding, the refunds and reattributions described above have brought his contributions virtually within the relevant limit for 1990.

If you have any questions or need additional information, please contact the undersigned.

Very truly yours,


Judith L. Corley
Counsel to William Lerach

enclosures

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EXHIBIT A

93040934549

WILLIAM S. LERACH
KELLY LEF H

L 03 1989

7447

June 26 1989

90-7101/3222

Pay to the order of Friends of Howell Hefner \$2,000.⁰⁰/₁₀₀
Two thousand and 00/100 Dollars



Great American
First Savings Bank
2751 Via De La Valle, Suite 210
Del Mar, California 92014

154521040 8572 8572 14 07-10-89

07-10-89 00

Kelly Lerach

Memo

93040934550

EXHIBIT B

8

9 3 0 4 0 9 3 4 5 5 1

Democratic Senatorial Campaign Committee

DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT	DISCOUNT	NET AMOUNT
8/30/91		Contribution refund	20,000.00		

REPORT OF RECEIPTS AND DISBURSEMENTS

For Other Than An Authorized Committee
(Summary Page)

77

USE FEC MAILING LABEL
OR
TYPE OFF PRINT

1. NAME OF COMMITTEE (in full)
DEMOCRATIC SENATORIAL CAMPAIGN COMMITTEE

ADDRESS (number and street) ☐ Check if different than previously reported
430 South Capitol Street, S.E.
CITY, STATE and ZIP CODE
Washington, DC 20003

2. FEC IDENTIFICATION NUMBER **20**
C00052360 H.D.

3. ☐ This committee qualified as a multicandidate committee during this Reporting Period on (date)

4. TYPE OF REPORT

- (a) ☐ April 15 Quarterly Report
☐ July 15 Quarterly Report
☐ October 15 Quarterly Report
☐ January 31 Year End Report
☐ July 31 Mid Year Report (Non-election Year Only)
☐ Termination Report

- Monthly Report Due On:
☐ February 20 ☐ June 20 ☐ October 20
☐ March 20 ☐ July 20 ☐ November 20
☐ April 20 ☐ August 20 ☐ December 20
☐ May 20 ☒ September 20 ☐ January 21
- ☐ Twelfth day report preceding _____ (Type of Election)
election on _____ in the State of _____
- ☐ Thirtieth day report following the General Election on _____ in the State of _____

(b) Is this Report an Amendment? ☐ YES ☒ NO

SUMMARY		COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period	08/01/91 through 08/31/91		
6. (a) Cash on Hand January 1, 1991			\$ 49,199.50
(b) Cash on Hand at Beginning of Reporting Period		\$ 58,397.27	
(c) Total Receipts (from Line 18)		\$ 651,578.63	\$ 4,268,599.89
(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)		\$ 709,975.90	\$ 4,317,799.39
7. Total Disbursements (from Line 30)		\$ 655,386.87	\$ 4,263,210.36
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))		\$ 54,589.03	\$ 54,589.03
9. Debts and Obligations Owed TO the Committee (Reimburse all on Schedule C and/or Schedule D)		\$	
10. Debts and Obligations Owed BY the Committee (Reimburse all on Schedule C and/or Schedule D)		\$ 406,061.35	

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

Type or Print Name of Treasurer
Thomas J. Lehner

Signature of Treasurer
Thomas J. Lehner

Date
September 19, 1991

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. 9437g.

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SCHEDULE B

ITEMIZED DISBURSEMENTS

Use separate schedule(s)
for each category of the
Detailed Summary Page

PAGE **1** OF **1**
FOR LINE NUMBER
28a

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

DEMOCRATIC SENATORIAL CAMPAIGN COMMITTEE

A. Full Name, Mailing Address and ZIP Code William Lerach PO Box 937 Rancho Santa Fe, CA 92067	Purpose of Disbursement Contribution Refund Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8/30/91	Amount of Each Disbursement This Period 20,000.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period

SUBTOTAL of Disbursements This Page (optional)

TOTAL This Period (last page this line number only)

20,000.00

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EXHIBIT C

OPPERMAN HEINS & PAQUIN

ATTORNEYS AT LAW

2200 WASHINGTON SQUARE

100 WASHINGTON AVENUE SOUTH

MINNEAPOLIS, MINNESOTA 55401

TELEPHONE (612) 339-6900

FACSIMILE (612) 339-0961

1300 I STREET, N.W.

EAST TOWER, SUITE 480

WASHINGTON, D.C. 20005

TELEPHONE (202) 962-3850

FACSIMILE (202) 962-3861

VANCE R. OPPERMAN
ROBERT J. SCHMIT
JAMES E. SCHATZ
SAMUEL D. HEINS
JEROME F. PAQUIN
RICHARD A. LOCKRIDGE
AUDREY L. ESTEBO
CHARLES N. NAUEN
H. THEODORE GRINDAL
LINDA L. HOLSTEIN
W. JOSEPH BRUCKNER
BRADLEY W. ANDERSON
PATRICIA A. BLOODGOOD
MARTIN D. MUNIC

ANDREA J. KAUFMAN
JOSEPH M. MUSILEK
ERIC L. OLSON
BARBARA J. GRAHN
KEVIN M. CHANDLER
JOHN A. TAFT
CHRISTOPHER K. SANDBERG
HARRY E. GALLAHER
DANIEL E. GUSTAFSON
WILLIAM A. GENGLER
CLIFFORD M. JOCHIM
HENRI G. MINETTE
KAREN M. HANSON
KENT M. WILLIAMS

OF COUNSEL
JONATHAN W. CUNEO*
JAMES J. SCHWEITZER*

*ADMITTED IN D.C. ONLY

June 16, 1992

VIA FEDERAL EXPRESS

Mr. Kenneth A. Davis, Jr.
Reports Analyst
Federal Election Commission
999 E Street N.W.
Washington, D.C. 20463

Re: NASCAT PAC C 00236687 - Amendment to July 15, 1990
Quarterly Report and October 15, 1990 Quarterly Report

Dear Mr. Davis:

The contributors of the NASCAT PAC have brought to my attention an inaccuracy in the amendment filed on February 15, 1991 regarding the October 15, 1990 Quarterly Report. Also, the contribution of William Lerach in the July 15, 1990 Quarterly Report was inaccurately reported. Both contributions were contributed by a partnership and should have been accredited to each partner according to their percentage held in the partnership.

I have enclosed amended reports for both the July 15, 1990 and the October 15, 1990 Quarterly Reports. If you have any questions please contact me at (612) 339-6900.

Sincerely,

Shelly B. Martin
PAC Administrator

/sbm

Enclosures

cc: Jon Cuneo

William Lerach

Judith L. Corley, Esq.

0008579

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FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JUL 16 PM 3:52

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REPORT OF RECEIPTS AND DISBURSEMENTS

For Other Than An Authorized Committee

(Summary Page)

USE FEC MAILING LABEL
OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full) National Association of Securities & Commercial Law (NASCAT)		2. FEC IDENTIFICATION NUMBER C00236687
ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported 100 Washington Avenue South 2200 Washington Square		3. <input type="checkbox"/> This committee qualified as a multicandidate committee DURING THIS Reporting Period on _____ (date).
CITY, STATE and ZIP CODE Minneapolis, MN 55401		

4. TYPE OF REPORT

(a) ☐ April 15 Quarterly Report

☒ July 15 Quarterly Report

☐ October 15 Quarterly Report

☐ January 31 Year End Report

☐ July 31 Mid Year Report (Non-election Year Only)

☐ Termination Report

Monthly Report Due On:

<input type="checkbox"/> February 20	<input type="checkbox"/> June 20	<input type="checkbox"/> October 20
<input type="checkbox"/> March 20	<input type="checkbox"/> July 20	<input type="checkbox"/> November 20
<input type="checkbox"/> April 20	<input type="checkbox"/> August 20	<input type="checkbox"/> December 20
<input type="checkbox"/> May 20	<input type="checkbox"/> September 20	<input type="checkbox"/> January 31

☐ Twelfth day report preceding _____ (Type of Election)

election on _____ in the State of _____

☐ Thirtieth day report following the General Election on _____ in the State of _____

(b) is this Report an Amendment? ☒ YES ☐ NO

SUMMARY

5. Covering Period	COLUMN A This Period	COLUMN B Calendar Year-to-Date
April 1, 1990 through June 30, 1990		
6. (a) Cash on Hand January 1, 19____		\$ 1,988.50
(b) Cash on Hand at Beginning of Reporting Period	\$ 2,988.50	
(c) Total Receipts (from Line 18)	\$ 2,000.00	\$ 5,000.00
(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)	\$ 4,988.50	\$ 6,988.50
7. Total Disbursements (from Line 28)	\$ 2,350.00	\$ 4,350.00
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))	\$ 2,638.50	\$ 2,638.50
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	\$ 0.00	For further information contact: Federal Election Commission 999 E Street, NW Washington, DC 20463 Toll Free 800-424-9530 Local 202-376-3120
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	\$ 0.00	
I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.		
Type or Print Name of Treasurer VANCE K. OPPERMAN		
Signature of Treasurer Vance K. Opperman		Date June 16, 1992

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

FEC FORM 3X

(revised 4/87)

93040934556

DETAILED SUMMARY PAGE

of Receipts and Disbursements
(Page 2, FEC FORM 3X)

Name of Committee (in full) (NASCAT) National Association of Securities & Commercial Law		Report Covering the Period From: 04-01-90 To: 06-30-90	
		COLUMN A Total This Period	COLUMN B Calendar Year-To-Date
I. RECEIPTS			
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees			
(i) Itemized (use Schedule A)		2,000.00	5,000.00
(ii) Unitemized		0.00	0.00
(iii) Total of contributions from individuals		0.00	0.00
(b) Political Party Committees		0.00	0.00
(c) Other Political Committees (such as PACs)		0.00	0.00
(d) TOTAL CONTRIBUTIONS (add 11(a)(iii), (b), and (c))		2,000.00	5,000.00
12. TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES		0.00	0.00
13. ALL LOANS RECEIVED		0.00	0.00
14. LOAN REPAYMENTS RECEIVED		0.00	0.00
15. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)		0.00	0.00
16. REFUNDS OF CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		0.00	0.00
17. OTHER RECEIPTS (Dividends, Interest, etc.)		0.00	0.00
18. TOTAL RECEIPTS (add 11(d), 12, 13, 14, 15, 16 and 17)		2,000.00	5,000.00
II. DISBURSEMENTS			
19. OPERATING EXPENDITURES		0.00	0.00
20. TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES		0.00	0.00
21. CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		1,350.00	3,350.00
22. INDEPENDENT EXPENDITURES (use Schedule E)		0.00	0.00
23. COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. 441a(d)) (use Schedule F)		0.00	0.00
24. LOAN REPAYMENTS MADE		0.00	0.00
25. LOANS MADE		0.00	0.00
26. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees		0.00	0.00
(b) Political Party Committees		0.00	0.00
(c) Other Political Committees (such as PACs)		0.00	0.00
(d) TOTAL CONTRIBUTION REFUNDS (add 26(a), (b), and (c))		0.00	0.00
27. OTHER DISBURSEMENTS		1,000.00	1,000.00
28. TOTAL DISBURSEMENTS (add 19, 20, 21, 22, 23, 24, 25, 26(d) and 27)		2,350.00	4,350.00
III. NET CONTRIBUTIONS/OPERATING EXPENDITURES			
29. TOTAL CONTRIBUTIONS (other than loans) (from Line 11(d))		2,000.00	5,000.00
30. TOTAL CONTRIBUTION REFUNDS (from Line 26(d))		0.00	0.00
31. NET CONTRIBUTIONS (other than loans) (subtract Line 30 from 29)		2,000.00	5,000.00
32. TOTAL OPERATING EXPENDITURES (from Line 19)		0.00	0.00
33. OFFSETS TO OPERATING EXPENDITURES (from Line 15)		0.00	0.00
34. NET OPERATING EXPENDITURES (subtract Line 33 from 32)		0.00	0.00

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SCHEDULE A

EXPENSE RECEIPTS

Use separate schedules for each category of the detailed Summary Page

PAGE 37
1 3
FOR LINE NUMBER
11a

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

National Association of Securities & Commercial Law

A. Full Name, Mailing Address and ZIP Code Vance K. Opperman 100 Washington Ave. S., Suite 2200 Minneapolis, MN 55401 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify): N/A	Name of Employer Opperman Heins & Paquin Occupation Attorney Aggregate Year-to-Date > \$500.00	Date (month, day, year) 06-18-90	Amount of Each Receipt this Period \$ 500.00
B. Full Name, Mailing Address and ZIP Code Nicholas E. Chimicles One Haverford Centre 361 West Lancaster Ave. Haverford, PA 19041-0100 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify): N/A	Name of Employer Greenfield & Chimicles Occupation Attorney Aggregate Year-to-Date > \$ 500.00	Date (month, day, year) 06-22-90	Amount of Each Receipt this Period \$ 500.00
C. Full Name, Mailing Address and ZIP Code William Lerach 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify): N/A	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 176.10	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 176.10
D. Full Name, Mailing Address and ZIP Code M. I. Weiss 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 189.50	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 189.50
E. Full Name, Mailing Address and ZIP Code D. J. Bershad 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer MilbergWeiss Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 146.10	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 146.10
F. Full Name, Mailing Address and ZIP Code P. M. Hynes 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 100.00	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 100.00
G. Full Name, Mailing Address and ZIP Code L.B. Simon 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 52.50	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 52.50

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

\$

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SCHEDULE A

DED RECEIPTS

Use separate schedule for each category of the Detailed Summary Page

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

NASCAT

A. Full Name, Mailing Address and ZIP Code A. Schulman 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 37.00	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 37.00
B. Full Name, Mailing Address and ZIP Code J. Congress 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 41.30	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 41.30
C. Full Name, Mailing Address and ZIP Code R. P. Sugarman 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 37.50	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 37.50
D. Full Name, Mailing Address and ZIP Code R. Meyer 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 32.50	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 32.50
E. Full Name, Mailing Address and ZIP Code J. E. Grassberger 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 33.50	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 33.50
F. Full Name, Mailing Address and ZIP Code S. L. Mirsky 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 25.50	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 25.50
G. Full Name, Mailing Address and ZIP Code M. Spencer 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 15.00	Date (month, day, year) 06--30-90	Amount of Each Receipt this Period \$ 15.00

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

93040934559

SCHEDULE A

1 RECEIPTS

Use separate schedule for each category of the Schedule Summary Page

PAGE 3 OF 3
FOR LINE NUMBER 11A

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NAME OF COMMITTEE (in Full)

NASCAT

A. Full Name, Mailing Address and ZIP Code K. F. Park 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 15.00	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 15.00
B. Full Name, Mailing Address and ZIP Code J. Adler 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 12.50	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 12.50
C. Full Name, Mailing Address and ZIP Code J. Specthrie 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg, Weiss, Bershad Specthrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 86.00	Date (month, day, year) 06-30-90	Amount of Each Receipt this Period \$ 86.00
D. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
E. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

\$ 2000.00

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SCHEDULE B

ITEM DISBURSEMENTS

 Separate schedule(s)
 each category of the
 Detailed Summary Page

 PAGE 1 OF 1
 FOR LINE NUMBER 21

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

National Association of Securities & Commercial Law (NASCAT)

A. Full Name, Mailing Address and ZIP Code Glickman for Congress 1212 Longworth House Washington, DC 20515	Purpose of Disbursement Contribution Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 04-30-90	Amount of Each Disbursement This Period \$ 500.00
B. Full Name, Mailing Address and ZIP Code Friends of Staggers for Congress 1504 Longworth House Washington, DC 20515	Purpose of Disbursement Contribution Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 04-30-90	Amount of Each Disbursement This Period \$ 350.00
C. Full Name, Mailing Address and ZIP Code Frinds of Congressman John Conyers 2426 Rayburn House Washington, DC 20515	Purpose of Disbursement Contribution Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 04-30-90	Amount of Each Disbursement This Period \$ 500.00
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Contribution Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Contribution Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Contribution Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Contribution Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Contribution Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Contribution Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period

SUBTOTAL of Disbursements This Page (optional)

TOTAL This Period (last page this line number only)

\$ 1,350.00

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NAME OF COMMITTEE (in Full)

National Association of Securities & Commercial Law (NASCAT)

A. Full Name, Mailing Address and ZIP Code Feinstein for Governor Committee 909 Montgomery Suite 400 San Francisco, CA 94133	Purpose of Disbursement Contribution Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 05-14-90	Amount of Each Disbursement This Period \$ 1,000.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period

SUBTOTAL of Disbursements This Page (optional)

TOTAL This Period (last page this line number only)

\$ 1,000.00

93040934562

REPORT OF RECEIPTS AND DISBURSEMENTS

For Other Than An Authorized Committee
(Summary Page)

USE FEC MAILING LABEL
OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full) National Association of Securities & Commercial Law		2. FEC IDENTIFICATION NUMBER C00236687
ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported 100 Washington Ave., S. Suite 2200		3. <input type="checkbox"/> This committee qualified as a multicandidate committee DURING THIS Reporting Period (date). on _____
CITY, STATE and ZIP CODE Minneapolis MN 55401		

4. TYPE OF REPORT

(a) ☐ April 15 Quarterly Report

☐ July 15 Quarterly Report

☒ October 15 Quarterly Report

☐ January 31 Year End Report

☐ July 31 Mid Year Report (Non-election Year Only)

☐ Termination Report

Monthly Report Due On:

<input type="checkbox"/> February 20	<input type="checkbox"/> June 20	<input type="checkbox"/> October 20
<input type="checkbox"/> March 20	<input type="checkbox"/> July 20	<input type="checkbox"/> November 20
<input type="checkbox"/> April 20	<input type="checkbox"/> August 20	<input type="checkbox"/> December 20
<input type="checkbox"/> May 20	<input type="checkbox"/> September 20	<input type="checkbox"/> January 31

☐ Twelfth day report preceding _____ (Type of Election)
election on _____ in the State of _____

☐ Thirtieth day report following the General Election on _____ in the State of _____

(b) Is this Report an Amendment? ☒ YES ☐ NO

SUMMARY		COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period	July 1, 1990 through September 30, 1990		
6. (a) Cash on Hand January 1, 19 90			\$ 1,988.50
(b) Cash on Hand at Beginning of Reporting Period		\$ 2,638.50	
(c) Total Receipts (from Line 18)		\$ 6,000.00	\$ 11,000.00
(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)		\$ 8,638.50	\$ 12,988.50
7. Total Disbursements (from Line 28)		\$ 2,000.00	\$ 6,350.00
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))		\$ 6,638.50	\$ 6,638.50
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)		\$ 0.00	For further information contact: Federal Election Commission 999 E Street, NW Washington, DC 20463 Toll Free 800-424-9530 Local 202-376-3120
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)		\$ 0.00	

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

Type or Print Name of Treasurer
Vance K. Opperman

Signature of Treasurer

Vance K. Opperman

Date

June 16, 1992

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

FEC FORM 3X
(revised 4/87)

93040934563

DETAILED SUMMARY PAGE

of Receipts and Disbursements
(Page 2, FEC FORM 3X)

Name of Committee (in full)	Report Covering the Period	To: 09-30-90
National Association of Securities & Commercial Law	From 07-01-90	
I. RECEIPTS	COLUMN A Total This Period	COLUMN B Calendar Year-To-Date
11. CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees		
(i) Itemized (use Schedule A)	6,000.00	11,000.00
(ii) Unitemized	0.00	0.00
(iii) Total of contributions from individuals	0.00	0.00
(b) Political Party Committees	0.00	0.00
(c) Other Political Committees (such as PACs)	0.00	0.00
(d) TOTAL CONTRIBUTIONS (add 11(a)(iii), (b), and (c))	6,000.00	11,000.00
12. TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES	0.00	0.00
13. ALL LOANS RECEIVED	0.00	0.00
14. LOAN REPAYMENTS RECEIVED	0.00	0.00
15. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)	0.00	0.00
16. REFUNDS OF CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES	0.00	0.00
17. OTHER RECEIPTS (Dividends, Interest, etc.)	0.00	0.00
18. TOTAL RECEIPTS (add 11(d), 12, 13, 14, 15, 16 and 17)	6,000.00	11,000.00
II. DISBURSEMENTS		
19. OPERATING EXPENDITURES	0.00	0.00
20. TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES	0.00	0.00
21. CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES	2,000.00	5,350.00
22. INDEPENDENT EXPENDITURES (use Schedule E)	0.00	0.00
23. COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. 441a(d)) (use Schedule F)	0.00	0.00
24. LOAN REPAYMENTS MADE	0.00	0.00
25. LOANS MADE	0.00	0.00
26. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees	0.00	0.00
(b) Political Party Committees	0.00	0.00
(c) Other Political Committees (such as PACs)	0.00	0.00
(d) TOTAL CONTRIBUTION REFUNDS (add 26(a), (b), and (c))	0.00	0.00
27. OTHER DISBURSEMENTS	0.00	1,000.00
28. TOTAL DISBURSEMENTS (add 19, 20, 21, 22, 23, 24, 25, 26(d) and 27)	2,000.00	6,350.00
III. NET CONTRIBUTIONS/OPERATING EXPENDITURES		
29. TOTAL CONTRIBUTIONS (other than loans) (from Line 11(d))	6,000.00	11,000.00
30. TOTAL CONTRIBUTION REFUNDS (from Line 26(d))	0.00	0.00
31. NET CONTRIBUTIONS (other than loans) (subtract Line 30 from 29)	6,000.00	11,000.00
32. TOTAL OPERATING EXPENDITURES (from Line 19)	0.00	0.00
33. OFFSETS TO OPERATING EXPENDITURES (from Line 15)	0.00	0.00
34. NET OPERATING EXPENDITURES (subtract Line 33 from 32)	0.00	0.00

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SCHEDULE A

UNFILED RECEIPTS

Use separate schedule(s)
for each category of the
unfiled Summary PagePAGE 1 OF 3
FOR LINE NUMBER 11

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NAME OF COMMITTEE (in Full)

National Association of Securities & Commercial Law

A. Full Name, Mailing Address and ZIP Code William Lerach 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify): N/A	Name of Employer Wilberg, Weiss, Bershad & Spethrie Lerach Occupation Attorney Aggregate Year-to-Date > \$ 123	Date (month, day, year) 09-19-90	Amount of Each Receipt this Period \$ 1056.00
B. Full Name, Mailing Address and ZIP Code M. I. Weiss 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 1327.10	Date (month, day, year) 09-19-90	Amount of Each Receipt this Period \$ 1137.60
C. Full Name, Mailing Address and ZIP Code D. J. Bershad 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 1022.70	Date (month, day, year) 09-19-90	Amount of Each Receipt this Period \$ 876.60
D. Full Name, Mailing Address and ZIP Code P. M. Hynes 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 700.00	Date (month, day, year) 09-19-90	Amount of Each Receipt this Period \$ 600.00
E. Full Name, Mailing Address and ZIP Code L. B. Simon 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 367.50	Date (month, day, year) 09-19-90	Amount of Each Receipt this Period \$ 315.00
F. Full Name, Mailing Address and ZIP Code A. Schulman 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 259.00	Date (month, day, year) 09-19-90	Amount of Each Receipt this Period \$ 222.00
G. Full Name, Mailing Address and ZIP Code J. Congress 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):	Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach Occupation Attorney Aggregate Year-to-Date > \$ 289.10	Date (month, day, year) 09-19-90	Amount of Each Receipt this Period \$ 247.80

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

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SCHEDULE A

ITEMIZED RECEIPTS

separate schedule(s)
for each category of the
Detailed Summary Page

PAGE 2 OF 3
FOR LINE NUMBER 11 a

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NAME OF COMMITTEE (in Full)

NASCAT

<p>A. Full Name, Mailing Address and ZIP Code R. P. Sugarman 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):</p>	<p>Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach</p> <p>Occupation Attorney</p> <p>Aggregate Year-to-Date > \$ 262.50</p>	<p>Date (month, day, year) 09-19-90</p>	<p>Amount of Each Receipt this Period \$ 225.00</p>
<p>B. Full Name, Mailing Address and ZIP Code R. Meyer 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):</p>	<p>Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach</p> <p>Occupation Attorney</p> <p>Aggregate Year-to-Date > \$ 227.50</p>	<p>Date (month, day, year) 09-19-90</p>	<p>Amount of Each Receipt this Period \$ 195.00</p>
<p>C. Full Name, Mailing Address and ZIP Code J. E. Grassberger 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):</p>	<p>Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach</p> <p>Occupation Attorney</p> <p>Aggregate Year-to-Date > \$ 234.50</p>	<p>Date (month, day, year) 09-19-90</p>	<p>Amount of Each Receipt this Period \$ 201.00</p>
<p>D. Full Name, Mailing Address and ZIP Code S. L. Mirsky 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):</p>	<p>Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach</p> <p>Occupation Attorney</p> <p>Aggregate Year-to-Date > \$ 178.50</p>	<p>Date (month, day, year) 09-19-90</p>	<p>Amount of Each Receipt this Period \$ 153.00</p>
<p>E. Full Name, Mailing Address and ZIP Code M. Spencer 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):</p>	<p>Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach</p> <p>Occupation Attorney</p> <p>Aggregate Year-to-Date > \$ 105.00</p>	<p>Date (month, day, year) 09-19-90</p>	<p>Amount of Each Receipt this Period \$ 90.00</p>
<p>F. Full Name, Mailing Address and ZIP Code K. F. Park 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):</p>	<p>Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach</p> <p>Occupation Attorney</p> <p>Aggregate Year-to-Date > \$ 105.00</p>	<p>Date (month, day, year) 09-19-90</p>	<p>Amount of Each Receipt this Period \$ 90.00</p>
<p>G. Full Name, Mailing Address and ZIP Code J. Adler 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):</p>	<p>Name of Employer Milberg Weiss, Bershad, Spethrie, Lerach</p> <p>Occupation Attorney</p> <p>Aggregate Year-to-Date > \$ 87.50</p>	<p>Date (month, day, year) 09-19-90</p>	<p>Amount of Each Receipt this Period \$ 75.00</p>

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

93040934566

SCHEDULE A

UNRECORDED RECEIPTS

Use separate schedule(s)
for each category of the
Detailed Summary Page

PAGE 3 OF 3
FOR LINE NUMBER 11a

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NAME OF COMMITTEE (in Full)

NASCAT

<p>A. Full Name, Mailing Address and ZIP Code J. Specthrie 225 Broadway 2000 Coast Savings Tower San Diego, CA 92101-5050</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify):</p>	<p>Name of Employer Milberg Weiss, Bershad, Specthrie, Lerach Occupation Attorney</p> <p>Aggregate Year-to-Date > \$ 602.00</p>	<p>Date (month, day, year) 09-19-90</p>	<p>Amount of Each Receipt this Period \$ 516.00</p>
<p>B. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer Occupation Aggregate Year-to-Date > \$</p>	<p>Date (month, day, year)</p>	<p>Amount of Each Receipt this Period</p>
<p>C. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer Occupation Aggregate Year-to-Date > \$</p>	<p>Date (month, day, year)</p>	<p>Amount of Each Receipt this Period</p>
<p>D. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer Occupation Aggregate Year-to-Date > \$</p>	<p>Date (month, day, year)</p>	<p>Amount of Each Receipt this Period</p>
<p>E. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer Occupation Aggregate Year-to-Date > \$</p>	<p>Date (month, day, year)</p>	<p>Amount of Each Receipt this Period</p>
<p>F. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer Occupation Aggregate Year-to-Date > \$</p>	<p>Date (month, day, year)</p>	<p>Amount of Each Receipt this Period</p>
<p>G. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>	<p>Name of Employer Occupation Aggregate Year-to-Date > \$</p>	<p>Date (month, day, year)</p>	<p>Amount of Each Receipt this Period</p>

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

\$ 6000.00

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SCHEDULE B

ITEMIZED DISBURSEMENTS

 This schedule(s)
for each category of the
Detailed Summary Page

 PAGE 1 OF 1
FOR LINE NUMBER 21

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

National Association of Securities & Commercial Law

A. Full Name, Mailing Address and ZIP Code Nita Lowey for Congress 1313 Longworth House Washington, Dc 20515	Purpose of Disbursement Contribution Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 07-25-90	Amount of Each Disbursement This Period \$ 1,000.00
B. Full Name, Mailing Address and ZIP Code Biden for Senate 221 Russell Building Washington, DC 20510	Purpose of Disbursement Contribution Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 07-16-90	Amount of Each Disbursement This Period \$ 1,000.00
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period

SUBTOTAL of Disbursements This Page (optional)

TOTAL This Period (last page this line number only)

\$ 2,000.00

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EXHIBIT D

REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

92 JUL 16 PM 12:05

USE FEC MAILING LABEL
OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full) LONSDALE FOR SENATE COMMITTEE		2. FEC IDENTIFICATION NUMBER C00242034
ADDRESS (number and street) <input checked="" type="checkbox"/> Check if different than previously reported. PO BOX 190		3. IS THIS REPORT AN AMENDMENT? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
CITY, STATE and ZIP CODE BEND, OR	STATE/DISTRICT 97709	

4. TYPE OF REPORT

☐ April 15 Quarterly Report
☐ July 15 Quarterly Report
☐ October 15 Quarterly Report
☒ January 31 Year End Report
☐ July 31 Mid-Year Report (Non-election Year Only)
☐ Twelfth day report preceding election on _____ in the State of _____
☐ Thirtieth day report following the General Election on _____ in the State of _____
☐ Termination Report

This report contains activity for:
 ☒ Primary Election
 ☒ General Election
 ☐ Special Election
 ☐ Runoff Election

SUMMARY

	COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period <u>7/1/92</u> through <u>12/31/92</u>		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))	12,950.00	15,660.00
(b) Total Contribution Refunds (from Line 20(d))	39,525.98	39,525.98
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	(26,575.98)	(23,865.98)
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	19.22	11,096.93
(b) Total Offsets to Operating Expenditures (from Line 14)	411.42	5,038.32
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	(411.42)	6,058.61
8. Cash on Hand at Close of Reporting Period (from Line 27)	2,261.64	
9. Debts and Obligations Owed TO the Committee (itemize all on Schedule C and/or Schedule D)	-0-	
10. Debts and Obligations Owed BY the Committee (itemize all on Schedule C and/or Schedule D)	749,780.10	

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

Type or Print Name of Treasurer

K. Kris Rees

Signature of Treasurer

Kris Rees

Date

1/27/92

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §417(c)

FEC FORM 3
(revised 4-87)

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JUL 16 PM 3:52

SCHEDULE B

ITEMIZED DISBURSEMENTS

Use separate schedule(s)
for each category of the
Detailed Summary PagePAGE 3 OF 6
FOR LINE NUMBER
20(a)

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

LONSDALE FOR SENATE COMMITTEE

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Charla Kreitberg 3733 Dogwood Drive S. Salem, OR 97302	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	125.00
B. Full Name, Mailing Address and ZIP Code Ken Lewis 2880 NW Ariel Terrace Portland, OR 97210	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	1000.00
C. Full Name, Mailing Address and ZIP Code William Lerach 225 Broadway, Ste 2000 San Diego, CA 92101	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	1000.00
D. Full Name, Mailing Address and ZIP Code Warren Rosenfeld PO Box 1067 Portland, OR 97210	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	1000.00
E. Full Name, Mailing Address and ZIP Code David Scheuer 286 College Street Burlington, VT 05401	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	1000.00
F. Full Name, Mailing Address and ZIP Code Emery Zidell 5227 SW Bancroft Portland, OR 97221	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	1000.00
G. Full Name, Mailing Address and ZIP Code Ray Auel 17410 SW Parret Mtn Road Sherwood, OR 97140	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	500.00
H. Full Name, Mailing Address and ZIP Code Terry Bristol 13625 SW 23rd Beaverton, OR 97005	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	100.00
I. Full Name, Mailing Address and ZIP Code Louisa Bateman Harriman Rt, Box 24 Klamath Falls, OR 97601	Refund Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	7/16/91	500.00

SUBTOTAL of Disbursements This Page (optional)

6225.00

TOTAL This Period (last page this line number only)

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EXHIBIT E

REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

USE FEC MAILING LABEL
OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full)
HARVEY GANTT FOR SENATE CAMPAIGN COMMITTEE

ADDRESS (number and street) ☐ Check if different than previously reported.
700 EAST STONEWALL STREET

CITY, STATE and ZIP CODE STATE/DISTRICT
CHARLOTTE, NORTH CAROLINA 28202

2. FEC IDENTIFICATION NUMBER
C00242156

3. IS THIS REPORT AN AMENDMENT?

☐ YES ☒ NO

4. TYPE OF REPORT

- ☐ April 15 Quarterly Report ☐ Twelfth day report preceding _____
election on _____ in the State of _____
- ☐ July 15 Quarterly Report
- ☐ October 15 Quarterly Report ☐ Thirtieth day report following the General Election on _____
in the State of _____
- ☐ January 31 Year End Report
- ☒ July 31 Mid-Year Report (Non-election Year Only) ☐ Termination Report

This report contains activity for ☐ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

SUMMARY

5. Covering Period	COLUMN A This Period	COLUMN B Calendar Year-to-Date
Jan. 1, 1991 through June 30, 1991		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))	9,410.41	7,796,952.39
(b) Total Contribution Refunds (from Line 20(d))	76,795.96	116,505.96
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	(67,385.55)	7,680,446.43
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	45,730.63	7,764,244.15
(b) Total Offsets to Operating Expenditures (from Line 14)	72,987.27	78,149.93
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	(27,256.64)	7,686,094.22
8. Cash on Hand at Close of Reporting Period (from Line 27)	11,339.38	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	0	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	0	

For further information contact:
Federal Election Commission
1100 C Street, NW
Washington, DC 20543
Toll Free 800-426-6532
Local 202-376-3120

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

Type or Print Name of Treasurer
Bobby T. Martin

Signature of Treasurer

Date

July 27, 1991

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. § 437g.

FEC FORM 3

(Rev. 10-90)

SCHEDULE B IDENTIFIED DISBURSEMENTS

LINE NUMBER 36 A

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE:

HARVEY GANTT FOR SENATE CAMPAIGN COMMITTEE C0024 36

A. Name and Address:	Purpose:	Date	Amount
Patricia C. Hellman 1415 Pacific Ave San Francisco, CA 94115	Refund Disbursement for:	02/28/91	612.21
B. Name and Address:	Purpose:	Date	Amount
John Hanlin 38 Bay St., #23 Somerville, MA 02144	Refund Disbursement for:	02/28/91	1,000.00
C. Name and Address:	Purpose:	Date	Amount
Bishop A. H. Hartsfield 111 Dickerson Ave Greenville, NC 27834	Refund Disbursement for:	02/28/91	470.00
D. Name and Address:	Purpose:	Date	Amount
Jerome Kohlberg, Jr. Crow Hill Rd Mt. Kisco, NY 10549	Refund Disbursement for:	02/28/91	1,000.00
E. Name and Address:	Purpose:	Date	Amount
William S. Lerach P.O. Box 907 Rancho Santa Fe, CA 92067	Refund Disbursement for:	02/28/91	1,000.00
F. Name and Address:	Purpose:	Date	Amount
John D. B. Lewis 600 West 111th St. New York, NY 10025	Refund Disbursement for:	02/28/91	1,000.00
G. Name and Address:	Purpose:	Date	Amount
11133 Hespenger c/o Wade Green 50 Rockefeller Plaza New York, NY 10111	Refund Disbursement for:	02/28/91	1,000.00
H. Name and Address:	Purpose:	Date	Amount
James C. Neuhauser 2805 Paddle Fl Raleigh, NC 27615	Refund Disbursement for:	02/28/91	300.00
I. Name and Address:	Purpose:	Date	Amount
Jay Sandrich 2121 Avenue of the Stars Los Angeles, CA 90067	Refund Disbursement for:	02/28/91	1,000.00

SUBTOTAL of Disbursements: This Page

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
William Lerach

)
)
) MUR 3456
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On May 26, 1992, the Commission found reason to believe William Lerach ("Respondent") violated 2 U.S.C. §§ 441a(a)(3) and 441a(a)(1)(A). At the same time, the Commission decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

II. DISCUSSION

A. William Lerach

The Commission originally determined that William Lerach made \$57,000 in contributions attributable to the 1990 calendar year. This total included excessive contributions totaling \$2,000 to two federal candidates. According to counsel, the \$2,000 contribution to the Friends of Howell Heflin Committee was not made by Mr. Lerach, but by his "then-wife" Kelly Lerach. Counsel provided a copy of a \$2,000 check, drawn on a joint checking account, which is payable to the Friends of Howell Heflin Committee. Only the signature of Kelly Lerach appears on the check. Id. at 2 and 10. Because the check does not bear

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Mr. Lerach's signature, it appears that the committee incorrectly attributed the contribution to Mr. Lerach. See 11 C.F.R. § 110.1(k).¹ Next, counsel provided copies of amendments from the National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC) which disclose that \$7,000 in contributions which were originally reported as made by Respondent (See Attachment 4) should have been reported as contributions from the partnership of Milberg, Weiss, Bershad, Specthrie & Lerach.² Respondent's share of these contributions totals \$1,232.10. See Attachment 1 at 16-29. Counsel also notes that the \$20,000 contribution to the Democratic Senatorial Campaign Committee and the excessive amounts of the contributions to two candidate committees, totaling \$2,000, were refunded. However, the refunds were not made until mid-1991, well beyond 60 days of receipt, and therefore they were properly included with Mr. Lerach's 1990 contributions.

Given the evidence presented, this Office agrees with counsel that the contribution from Respondent's former wife to the campaign of Howell Heflin should be excluded. This Office further agrees that only that portion of the law firm contribution to NASCAT PAC attributable to Mr. Lerach should count against Respondent's 1990 annual contribution limit. These adjustments reduce Respondent's 1990 contribution total to \$51,232.10 or \$26,232.10 in excess of the annual limit.

1. Commission records do not show that Kelly Lerach made contributions to the Friends of Howell Heflin Committee.

2. These amendments were filed subsequent to the Commission's original findings in this matter, including the finding that there was no reason to believe that the law firm had violated the Act. As noted below, this Office makes new recommendations based on this supplemental information.

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B. Additional Recommendations

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In light of the information and evidence provided by Mr. Lerach, this Office recommends that the Commission find reason to believe that the Friends of Howell Heflin Committee and H. Thomas Heflin, as treasurer, violated 2 U.S.C. § 434 by reporting certain contributions as having been made by William Lerach when in fact the contributions were made by Kelly Lerach. We also recommend that the Commission find reason to believe that the Friends of Howell Heflin Committee and H. Thomas Heflin, as treasurer, violated 2 U.S.C. § 441a(f) by accepting a contribution from Kelly Lerach which exceeded, by \$1,000, the \$1,000 per election limit established by 2 U.S.C. § 441a(a)(1)(A). As a result of the same contribution, we recommend that the Commission find reason to believe that Kelly Lerach violated 2 U.S.C. § 441a(a)(1)(A).

Further, this Office recommends that the Commission find reason to believe that the National Association of Securities and

Commercial Law Attorneys PAC and Vance K. Opperman, as treasurer, violated 2 U.S.C. § 434 by reporting certain contributions as having been made by William Lerach when in fact the contributions were made by Milberg, Weiss, Bershad, Specthrie & Lerach. The Commission should also find reason to believe that the National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC) and Vance K. Opperman, as treasurer, violated 2 U.S.C. § 441a(f) by accepting contributions from Milberg, Weiss, Bershad, Specthrie & Lerach which exceeded, by \$2,000, the \$5,000 per calendar year limit established by 2 U.S.C. § 441a(a)(1)(C). See 11 C.F.R. § 110.1(e).

This Office also recommends that the Commission find reason to believe that Milberg, Weiss, Bershad, Specthrie & Lerach violated 2 U.S.C. § 441a(a)(1)(C) by making this excessive contribution. However, given the limited amounts involved in these violations, we recommend that the Commission take no further action, send admonishment letters to these Respondents and close the file with respect to them.

III. RECOMMENDATIONS

- 1.
2. Find reason to believe that the Friends of Howell Heflin Committee and H. Thomas Heflin, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f).
3. Find reason to believe that the National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC) and Vance K. Opperman, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f).
4. Find reason to believe that Milberg, Weiss, Bershad, Specthrie & Lerach violated 2 U.S.C. § 441a(a)(1)(C).
5. Find reason to believe that Kelly Lerach violated 2 U.S.C. § 441a(a)(1)(A).

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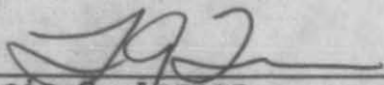
6. Take no further action and close the file with respect to the Friends of Howell Heflin Committee and H. Thomas Heflin, as treasurer, the National Association of Securities and Commercial Law Attorneys PAC and Vance K. Opperman, as treasurer, Milberg, Weiss, Bershad, Specthrie & Lerach and Kelly Lerach.

7. Approve the attached factual and legal analyses and the appropriate letters.

Lawrence M. Noble
General Counsel

12-29-92
Date

BY:


Lois G. Lerner
Associate General Counsel

Attachments

1. Respondent's counterproposal
2. Proposed counteroffer
3. Factual and Legal Analyses (4)
4. Disclosure Reports

Staff Assigned: Noriega E. James

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
William Lerach.

)
)
) MUR 3456

CERTIFICATION

9.

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 6, 1993, the Commission decided by a vote of 6-0 to take the following actions in MUR 3456:

- 1.
2. Find reason to believe that the Friends of Howell Heflin Committee and H. Thomas Heflin, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f).
3. Find reason to believe that the National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC) and Vance K. Opperman, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f).
4. Find reason to believe that Milberg, Weiss, Bershad, Specthrie & Lerach violated 2 U.S.C. § 441a(a)(1)(C).

(continued)

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5. Find reason to believe that Kelly Lerach violated 2 U.S.C. § 441a(a)(1)(A).
6. Take no further action and close the file #. with respect to the Friends of Howell Heflin Committee and H. Thomas Heflin, as treasurer, the National Association of Securities and Commercial Law Attorneys PAC and Vance K. Opperman, as treasurer, Milberg, Weiss, Bershad, Specthrie & Lerach and Kelly Lerach.
7. Approve the factual and legal analyses and the appropriate letters, as recommended in the General Counsel's Report dated December 29, 1992.

Commissioners Aikens, Elliott, McDonald, McGarry, Potter, and Thomas voted affirmatively for the decision.

Attest:

1-6-93
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:	Wed., Dec. 30, 1992	10:44 a.m.
Circulated to the Commission:	Wed., Dec. 30, 1992	4:00 p.m.
Deadline for vote:	Wed., Jan. 06, 1993	4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 19, 1993

H. Thomas Heflin, Treasurer
Friends of Howell Heflin Committee
P.O. Box 1996
Tuscumbia, AL 35674

RE: MUR 3456

Dear Mr. Heflin:

On January 6, 1993, the Federal Election Commission found reason to believe that Friends of Howell Heflin Committee ("Committee") and H. Thomas Heflin, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act.") However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to the Committee and you, as treasurer. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission reminds you that Section 441a(f) of the Act provides that no candidate or political committee shall knowingly accept any contribution in violation of the Act. And, each treasurer of a political committee is responsible for the timely and accurate filing of all reports. 2 U.S.C. § 434 and 11 C.F.R. § 104.14(d). You should take immediate steps to insure that this activity does not occur in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Noriega E. James, the staff member assigned to this matter, at (202) 219-3400.

Sincerely,

Scott E. Thomas
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 3456

RESPONDENTS: Friends of Howell Heflin Committee and
H. Thomas Heflin, as treasurer

Each treasurer of a political committee is responsible for the timely and accurate filing of all reports. 2 U.S.C. § 434 and 11 C.F.R. § 104.14(d).

2 U.S.C. § 441a(f) provides that no candidate or political committee shall knowingly accept any contribution in violation of the Act.

Section 441a(a)(1)(A) limits to \$1,000 the amount that a person shall make in contributions to any candidate and his authorized political committees with respect to any election for Federal office.

The 1989 Year End Report filed by the Friends of Howell Heflin Committee itemizes a \$2,000 contribution from William Lerach that is dated July 7, 1989, and reportedly received for the primary and general elections. However, based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission has found that this contribution was undesignated and was actually made by Kelly Lerach. Therefore, there is reason to believe that the Friends of Howell Heflin Committee and H. Thomas Heflin, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f). However, the Commission determined, upon consideration of the proper ordering of its priorities and resources, see Heckler v. Chaney, 470 U.S. 821 (1985), to exercise its prosecutorial discretion and to take no further action.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 19, 1993

Vance K. Opperman, Treasurer
National Association of Securities
and Commercial Law Attorneys PAC (NASCAT PAC)
100 Washington Avenue South
Suite 2200
Minneapolis, MN 55401

RE: MUR 3456

Dear Mr. Opperman:

On January 6, 1993, the Federal Election Commission found reason to believe that National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC) ("Committee") and Vance K. Opperman, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act.") However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to the Committee and you, as treasurer. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission reminds you that Section 441a(f) of the Act provides that no candidate or political committee shall knowingly accept any contribution in violation of the Act. And, each treasurer of a political committee is responsible for the timely and accurate filing of all reports. 2 U.S.C. § 434 and 11 C.F.R. § 104.14(d). You should take immediate steps to insure that this activity does not occur in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Noriega E. James, the staff member assigned to this matter, at (202) 219-3400.

Sincerely,

Scott E. Thomas
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 3456

RESPONDENTS: National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC) and Vance K. Opperman, as treasurer

Each treasurer of a political committee is responsible for the timely and accurate filing of all reports. 2 U.S.C. § 434 and 11 C.F.R. § 104.14(d).

2 U.S.C. § 441a(f) provides that no candidate or political committee shall knowingly accept any contribution in violation of the Act.

2 U.S.C. § 441a(a)(1)(C) limits contributions by a person to any political committee, other than an authorized political committee or a political committee established and maintained by a national political party, to \$5,000 in the aggregate in any calendar year. And, the term "Person" includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons, but does not include the Federal Government or any authority of the Federal Government. 2 U.S.C. § 431(11). Also, a contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits or by agreement of the partners and shall not exceed the limitations on contributions established by the Act. See 11 C.F.R. § 110.1(e).

The 1990 July and October Quarterly Reports filed by the National Association of Securities and Commercial Law Attorneys

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PAC (NASCAT PAC) and Vance K. Opperman, as treasurer, initially reported two contributions totaling \$7,000 from William Lerach although they were actually made by the partnership firm of Milberg, Weiss, Bershad, Specthrie & Lerach. Additionally, the partnership contributions exceed the limit established by 2 U.S.C. § 441a(a)(1)(C). See 11 C.F.R. § 110.1(e). Therefore, there is reason to believe that the National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC) and Vance K. Opperman, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434. However, the Commission determined, upon consideration of the proper ordering of its priorities and resources, see Heckler v. Chaney, 470 U.S. 821 (1985), to exercise its prosecutorial discretion and to take no further action.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 19, 1993

Milberg, Weiss, Bershad, Specthrie
& Lerach
2000 Central Savings Tower
225 Broadway
San Diego, CA 92101-5050

RE: MUR 3456

Dear Sirs and Madams:

On January 6, 1993, the Federal Election Commission found reason to believe that Milberg, Weiss, Bershad, Specthrie & Lerach ("the partnership") violated 2 U.S.C. § 441a(a)(1)(C), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act.") However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to the partnership. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission reminds you that Section 441a(a)(1)(C) limits contributions by a person to any political committee, other than an authorized political committee or a political committee established and maintained by a national political party, to \$5,000 in the aggregate in any calendar year. And, the term "Person" includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons, but does not include the Federal Government or any authority of the Federal Government. 2 U.S.C. § 431(11). You should take immediate steps to insure that this activity does not occur in the future.

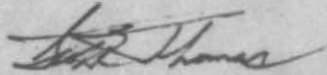
The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

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Milberg, Weiss, Bershad, Specthrie
& Lerach
Page 2

If you have any questions, please contact Noriega E. James,
the staff member assigned to this matter, at (202) 219-3400.

Sincerely,



Scott E. Thomas
Chairman

Enclosure
Factual and Legal Analysis

93040934589

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 3456

RESPONDENT: Milberg, Weiss, Bershad, Specthrie & Lerach

2 U.S.C. § 441a(a)(1)(C) limits contributions by a person to any political committee, other than an authorized political committee or a political committee established and maintained by a national political party, to \$5,000 in the aggregate in any calendar year. And, the term "Person" includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons, but does not include the Federal Government or any authority of the Federal Government. 2 U.S.C. § 431(11). Also, a contribution by a partnership shall be attributed to the partnership and to each partner in direct proportion to his or her share of the partnership profits or by agreement of the partners and shall not exceed the limitations on contributions established by the Act. See 11 C.F.R. § 110.1(e).

The 1990 July and October Quarterly Reports filed by the National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC), as amended, disclose that Respondent contributed \$7,000, in the aggregate, to NASCAT PAC in 1990. Therefore, there is reason to believe that Milberg, Weiss, Bershad, Specthrie & Lerach violated 2 U.S.C. § 441a(a)(1)(C). However, the Commission determined, upon consideration of the proper ordering of its priorities and resources, see Heckler v. Chaney, 470 U.S. 821 (1985), to exercise its prosecutorial discretion and to take no further action.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 19, 1993

Kelly Lerach
P.O. Box 937
Rancho Santa Fe, CA 92067

RE: MUR 3456

Dear Ms. Lerach:

On January 6, 1993, the Federal Election Commission found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act.") However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to the you. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission reminds you that an individual may contribute a maximum of \$1,000 per election to a candidate's campaign. You should take immediate steps to insure that the activity outlined in the attached Factual and Legal Analysis does not occur in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Noriega E. James, the staff member assigned to this matter, at (202) 219-3400.

Sincerely,

Scott E. Thomas
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

MUR: 3456

RESPONDENT: Kelly Lerach

Section 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("the Act"), limits to \$1,000 the amount that a person shall make in contributions to any candidate and his authorized political committees with respect to any election for Federal office.

The 1989 Year End Report filed by the Friends of Howell Heflin Committee itemizes a \$2,000 contribution from William Lerach which is dated July 7, 1989, and reportedly received for the primary and general elections. However, based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission has found that this contribution was undesignated and was actually made by Kelly Lerach. Therefore, there is reason to believe that Kelly Lerach violated 2 U.S.C. § 441a(a)(1)(A). However, the Commission determined, upon consideration of the proper ordering of its priorities and resources, see Heckler v. Chaney, 470 U.S. 821 (1985), to exercise its prosecutorial discretion and to take no further action.

93040934592

PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
607 FOURTEENTH STREET, N.W. • WASHINGTON, D.C. 20005-2011 • (202) 628-6600

February 10, 1993

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

Re: MUR 3456 - William S. Lerach

Dear Commissioners:

My client, William S. Lerach, has asked me to submit this letter, which I ask the Commission to place on the public record with the file for this case, to express clearly his views on the resolution of this matter.

The Commission concluded that Mr. Lerach had violated the campaign laws by making contributions in excess of his annual contribution limitation. Mr. Lerach has reluctantly authorized me to sign a conciliation agreement on his behalf in this matter despite the fact that he believes strongly that the Commission was misguided in its pursuit of enforcement in this case.

This is not a case of an individual who set out to circumvent the federal campaign laws and the contribution limitations. Rather, as the Commission itself acknowledges in the conciliation agreement, this matter arose from a misunderstanding of the interpretation of the campaign laws relating to contributions on joint checking accounts. Mr. Lerach reasonably believed that a contribution on a joint checking account would be automatically attributed to himself and his wife in equal amounts. The contributions involved in this case were made with that understanding.

As Mr. Lerach subsequently discovered, however, the Commission does not view contributions on joint checking accounts this way, but instead requires that such contributions be attributed only to the individual signing the check.

The results of this interpretation are illogical. Yet there has been virtually no effort by the Commission to educate the public on the application of the individual annual contribution limitation. Nonetheless, as soon as Mr. Lerach

[17145-0001/DA930380.002]

OGC 8376

RECEIVED
FEDERAL ELECTION COMMISSION
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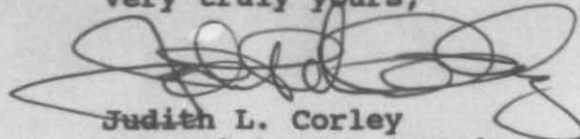
Federal Election Commission
February 10, 1993
Page 2

learned of the Commission's interpretation, he immediately took steps to correct the situation and to bring his contributions into compliance.

This effort was to no avail. The Commission still decided to pursue Mr. Lerach in a full-blown enforcement action, choosing the most complicated and expensive approach to correct the situation.

Despite his belief that the result in this matter is unwarranted, Mr. Lerach has decided to settle the case. It would be simply too time-consuming and expensive to continue to pursue a more reasonable result from the Commission. He can only hope that the Commission will make some effort to notify contributors of how the law will be applied, so that others will not be put unnecessarily through this wasteful procedure.

Very truly yours,



Judith L. Corley
Counsel to Mr. Lerach

93040934594

BEFORE THE FEDERAL ELECTION COMMISSION 88 FEB 18 AM 10:30

In the Matter of
William Lerach

)
) MUR 3456
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed on behalf of William Lerach. The attached agreement contains no changes from the agreement approved by the Commission on January 6, 1993. The civil penalty has not been received.

II. RECOMMENDATIONS

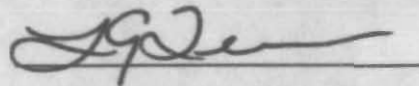
1. Accept the attached conciliation agreement with William Lerach.
2. Close the file.
3. Approve the appropriate letters.

Lawrence M. Noble
General Counsel

Date

2/18/93

BY:



Lois G. Lerner
Associate General Counsel

Attachment
Conciliation Agreement

Staff Assigned: Noriega E. James

93040934595

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
William Lerach.

)
)
) MUR 3456

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 23, 1993, the Commission decided by a vote of 5-0 to take the following actions in MUR 3456:

1. Accept the conciliation agreement with William Lerach, as recommended in the General Counsel's Report dated February 18, 1993.
2. Close the file.
3. Approve the appropriate letters, as recommended in the General Counsel's Report dated February 18, 1993.

Commissioners Aikens, Elliott, McDonald, McGarry, and Potter voted affirmatively for the decision; Commissioner Thomas did not cast a vote.

Attest:

2-23-93
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:
Circulated to the Commission:
Deadline for vote:

Thurs., Feb. 18, 1993 10:30 a.m.
Thurs., Feb. 18, 1993 4:00 p.m.
Tues., Feb. 23, 1993 4:00 p.m.

dr

93040934596



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 1, 1993

Judy Corley, Esquire
Perkins Coie
607 14th Street, N.W.
Washington, DC 20005

RE: MUR 3456
William S. Lerach

Dear Ms. Corley:

On February 23, 1993, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

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.

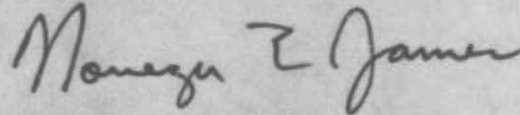
Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

93040934597

Judy Corley, Esquire
Page 2

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 219-3400.

Sincerely,

A handwritten signature in dark ink, appearing to read "Noriega E. James". The signature is fluid and cursive, with the first name "Noriega" being more prominent.

Noriega E. James
Paralegal

Enclosure
Conciliation Agreement

93040934598

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

William Lerach

)
)
)
)

MUR 3456

CONCILIATION AGREEMENT

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RECEIVED
FEDERAL ELECTION COMMISSION

This matter was initiated by a signed, sworn, and notarized complaint by Walter L. Palmer. The Federal Election Commission ("Commission") found reason to believe that William Lerach ("Respondent") violated 2 U.S.C. §§ 441a(a)(3) and 441a(a)(1)(A).

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows.

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C.

§ 437g(a)(4)(A)(i)

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent, William Lerach, is an individual contributor.

2. 2 U.S.C. § 441a(a)(3) limits total contributions by an individual in any calendar year to \$25,000. Under this section,

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any contribution to a candidate or authorized committee with respect to a particular election made in a non-election year shall be considered to be made during the calendar year in which such election is held.

3. 2 U.S.C. § 441a(a)(1)(A) limits contributions by an individual to a federal candidate to \$1,000 per election.

4. With respect to the 1990 calendar year, Respondent made contributions totaling \$51,232.10 to political committees.

5. Of this amount, \$2,000 were contributions to two candidate committees in excess of the per election limit on contributions to a candidate.

6. Respondent contends that he believed that contributions made on his joint checking account would be attributed in equal proportion to him and his spouse. However, her signature did not appear on the checks or accompanying documents as required under 11 C.F.R. § 110.1(k).

V. With respect to the 1990 calendar year, Respondent made contributions to federal committees which exceeded, by \$26,232.10 and \$2,000, respectively, the limits established by 2 U.S.C. §§ 441a(a)(3) and 441a(a)(1)(A).

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of Seven Thousand One Hundred Dollars (\$7,100), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement

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or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

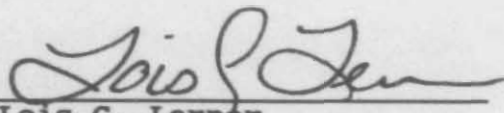
IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

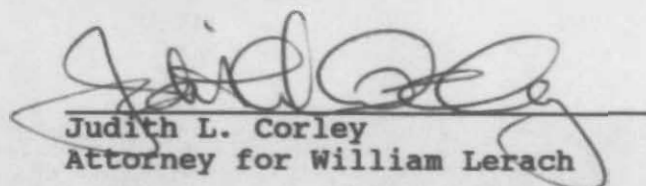
BY:


Lois G. Lerner
Associate General Counsel

Date

2/25/93

FOR THE RESPONDENT:


Judith L. Corley
Attorney for William Lerach

Date

2/10/93

93040934601



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 1, 1993

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Walter L. Palmer
5183 Cassandra Lane
San Diego, CA 92109

RE: MUR 3456

Dear Mr. Palmer:

This is in reference to the complaint you filed with the Federal Election Commission on November 19, 1991, concerning possible violations of the Federal Election Campaign Act of 1971, as amended.

The Commission found that there was reason to believe William Lerach violated 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3), provisions of the Federal Election Campaign Act of 1971, as amended, and conducted an investigation in this matter. On February 23, 1993, a conciliation agreement signed by the respondent was accepted by the Commission. Accordingly, the Commission closed the file in this matter on February 23, 1993. A copy of this agreement is enclosed for your information.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Noriega E. James
Paralegal

Enclosure
Conciliation Agreement

93040934602



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 1, 1993

Milberg, Weiss, Bershad, Specthrie
& Lerach
2000 Central Savings Tower
225 Broadway
San Diego, CA 92101-5050

RE: MUR 3456

Dear Sirs and Madams:

This is to advise you that this matter is now closed. 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 me at (202) 219-3400.

Sincerely,

Noriega E. James
Noriega E. James
Paralegal

93040934603



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 1, 1993

H. Thomas Heflin, Treasurer
Friends of Howell Heflin Committee
P.O. Box 1996
Tuscumbia, AL 35674

RE: MUR 3456

Dear Mr. Heflin:

This is to advise you that this matter is now closed. 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 me at (202) 219-3400.

Sincerely,

A handwritten signature in cursive script, reading "Noriega E. James", is written over the typed name.

Noriega E. James
Paralegal

93040934604



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 1, 1993

Vance K. Opperman, Treasurer
National Association of Securities
and Commercial Law Attorneys PAC (NASCAT PAC)
100 Washington Avenue South
Suite 2200
Minneapolis, MN 55401

RE: MUR 3456

Dear Mr. Opperman:

This is to advise you that this matter is now closed. 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 me at (202) 219-3400.

Sincerely,

A handwritten signature in cursive script, reading "Noriega E. James".

Noriega E. James
Paralegal

93040934605



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 1, 1993

Kelly Lerach
P.O. Box 937
Rancho Santa Fe, CA 92067

RE: MUR 3456

Dear Ms. Lerach:

This is to advise you that this matter is now closed. 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 me at (202) 219-3400.

Sincerely,

A handwritten signature in cursive script, reading "Noriega E. James", is written over the typed name.

Noriega E. James
Paralegal

93040934606



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3456

DATE FILMED 3/17/93 CAMERA NO. 4

CAMERAMAN E.E.S.

93040934607



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

☒ Microfilm
☐ Public Rcds
☐ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 3456.

3/23/93

93040934679



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

93 MAR 23 AM 11:11

Mar. 22, 1993

TWO WAY MEMORANDUM

TO: OGC, Docket

FROM: Philomena Brooks *PB*
Accounting Technician

SUBJECT: Account Determination for Funds Received

We recently received a check from *Mr. W. Lemch*
March 15, 1993, check number *352*, dated
and in the amount of \$ *7100.00*.
Attached is a copy of the check and any correspondence that
was forwarded. Please indicate below the account into which
it should be deposited, and the MUR number and name.

**Hand delivered*

TO: Philomena Brooks
Accounting Technician

FROM: OGC, Docket *By aa*

In reference to the above check, in the amount of
\$ *7100.00*, the MUR number is *3456* and in the name of
William S. Lemch. The account into
which it should be deposited is indicated below:

☒ Budget Clearing Account (OGC), 95F3875.16

☒ Civil Penalties Account, 95-1099.160

Other: _____

Cynthia Alexander
Signature

3-23-93
Date

93040934680

March 22, 1993

Philomena Brooks
Accounting Technician
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: MUR 3456 - William S. Lerach

Dear Ms. Brooks:

In response to your letter dated March 2, 1993, enclosed please find Mr. Lerach's check for \$7,100.00 made payable to the "Federal Election Commission."

If you have any questions, please contact the undersigned.

Very truly yours,

Donna M. Lenhart

Donna M. Lenhart
Administrative Assistant

Enclosure

93040934681

3/22/93

Wells Fargo Bank

352

NORTH PLAZA OFFICE 500 NORTH PLAZA SAN DIEGO, CALIF. 92101 10-241225-1-100

3-15-53

Pay to the order of Federal Election Commission \$7,100.00

Quentin T. Leshach and 1/2

WILLIAM S. LESHACH

PO BOX 251-1000

800 W. BROADWAY, SUITE 1000

SAN DIEGO, CA 92101

93040934682



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

☒ Microfilm
☐ Public Rcds
☐ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 3456.

5/11/93

23040943315

NASCAT
1301 K STREET, N.W.
EAST TOWER
SUITE 650
WASHINGTON, DC 20005

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

MAY 11 11 18 AM '93

PHONE: (202) 789-3963

FACSIMILE: (202)789-1813

CLOSED

May 9, 1993

Mr. Noriega E. James
Paralegal
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Dear Mr. James:

Please take whatever steps are necessary to place this letter in the public record of MUR 3456. I have sent copies to all Commissioners. Please contact me with any questions.

With best regards.

Sincerely,

Jonathan W. Cuneo
Jonathan W. Cuneo

93 MAY 11 PM 12:59

RECEIVED
FEDERAL ELECTION COMMISSION

23040943316

NASCAT

1301 K STREET, N.W.
EAST TOWER
SUITE 650
WASHINGTON, DC 20005

PHONE: (202) 789-3963

FACSIMILE: (202) 789-1813

May 9, 1993

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

Re: MUR 3456

Dear Commissioners:

In early March, 1993, we learned that on January 6, 1993, the Federal Election Commission ("FEC") found "reason to believe" that the National Association of Securities and Commercial Law Attorneys PAC ("NASCAT PAC") and Vance K. Opperman, as Treasurer, committed certain violations of the Federal Election Campaign Act of 1971. At the same time that the Commission made this finding, the Commission determined "upon consideration of the proper ordering of its priorities and resources" to "take no further action." We now understand that the FEC has made its file in this matter public.

Both Mr. Opperman and NASCAT PAC take their obligations under Federal Election law extremely seriously. Therefore, the FEC's finding -- limited as it is to a "reason to believe" determination -- is troublesome. We deny the FEC's allegations and protest the procedure that the FEC has employed in the strongest possible way. As the ensuing discussion reflects, there is a complete explanation of this matter.

The FEC's determination is based on a factual error. The FEC's determination is based on the 1990 July and October quarterly reports filed by NASCAT PAC. Those reports incorrectly reflected contributions totaling \$7,000.00 from one individual. In June 1992, NASCAT PAC filed an amended report, correctly allocating the \$7,000 among the partners of that individual's law firm. The FEC's "factual and legal" analysis -- which came six months after the filing of the amended report -- omits any mention of this amended return.

Procedurally, the FEC reached its conclusions without any notice whatsoever to NASCAT PAC or Mr. Opperman. Neither NASCAT PAC nor Mr. Opperman had any idea -- or any reason to believe -- that the FEC was examining their activities. Neither NASCAT PAC nor Mr. Opperman had any opportunity to express their side of the facts prior to the FEC's determination. Once the FEC made its

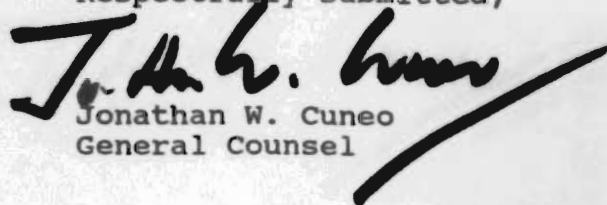
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Federal Election Commission
May 9, 1993
Page 2

determination, it cited its "priorities and resources" to deny Mr. Opperman and NASCAT PAC the opportunity to be heard. Had the FEC granted the slightest process in this matter, we certainly would have called the amended report to your attention.

Please place this letter prominently in the public record in MUR 3456.

Respectfully submitted,


Jonathan W. Cuneo
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

☒ Microfilm
☐ Public Rcds
☐ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 3456.

7/2/93

93040950663



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MAY 24, 1993

Jonathan W. Cuneo, General Counsel
National Association of Securities
and Commercial Law Attorneys PAC
1301 K Street, N.W.
East Tower Suite
Washington, DC 20005

RE: MUR 3456
National Association of
Securities and Commercial Law
Attorneys PAC (NASCAT PAC) and
Vance K. Opperman, as treasurer,

Dear Mr. Cuneo:

This is in response to your letter dated May 9, 1993, and received on May 11, 1993, which you request be placed upon the public record. We note that the time for submitting factual or legal materials to appear on the public record in this matter has officially passed. Moreover, although your letter will be placed on the public record, it appears to contain a number of inaccuracies. You aver that you first learned of the Commission's reason to believe findings in early March, 1993. However, the Commission notified your clients of its findings on January 19, 1993. See Attachment 1. Then, on March 1, 1993, your clients were notified that the entire matter was closed, that the complete file would be placed on the public record within 30 days and that they should submit any factual or legal materials to appear on the public record as soon as possible. See Attachment 2. Your letter is the only response submitted on behalf of your clients.

The assertion that the Commission's "determination is based on factual error" and that the Commission failed to consider the Committee's amended reports is unfounded. On the contrary, the Commission's findings were based largely on the facts outlined by your clients in their amended reports. See the 1990 Amended July and October Quarterly Reports filed by the Committee on July 16, 1992, and the General Counsel's Report, signed December 29, 1992. The corrective action taken by the Committee almost two years after the contributions were inaccurately reported does not vitiate the 2 U.S.C. § 434 violation. Furthermore, there is no evidence that the Committee corrected the 2 U.S.C. § 441a(f) violation.

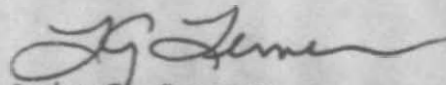
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Jonathan W. Cuneo, General Counsel
Page 2

Thus, the Commission's findings were appropriate and your clients were notified timely. If you have any questions, please contact Noriega E. James, the staff member who was assigned to this matter, at (202) 219-3400.

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

Attachments

1. Reason to believe letter to Respondents, dated 1-19-93
2. Closing letter to Respondents, dated 3-1-93

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 19, 1993

Vance K. Opperman, Treasurer
National Association of Securities
and Commercial Law Attorneys PAC (NASCAT PAC)
100 Washington Avenue South
Suite 2200
Minneapolis, MN 55401

RE: MUR 3456

Dear Mr. Opperman:

On January 6, 1993, the Federal Election Commission found reason to believe that National Association of Securities and Commercial Law Attorneys PAC (NASCAT PAC) ("Committee") and Vance K. Opperman, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act.") However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to the Committee and you, as treasurer. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission reminds you that Section 441a(f) of the Act provides that no candidate or political committee shall knowingly accept any contribution in violation of the Act. And, each treasurer of a political committee is responsible for the timely and accurate filing of all reports. 2 U.S.C. § 434 and 11 C.F.R. § 104.14(d). You should take immediate steps to insure that this activity does not occur in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Noriega E. James, the staff member assigned to this matter, at (202) 219-3400.

Sincerely,

Scott E. Thomas
Chairman

ATTACHMENT 1

Enclosure
Factual and Legal Analysis

PAGE 1 OF 1

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20461

March 1, 1993

Vance K. Opperman, Treasurer
National Association of Securities
and Commercial Law Attorneys PAC (NASCAT PAC)
100 Washington Avenue South
Suite 2200
Minneapolis, MN 55401

RE: MUR 3456

Dear Mr. Opperman:

This is to advise you that this matter is now closed. 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 me at (202) 219-3400.

Sincerely,

Noriega E. James
Paralegal

ATTACHMENT 2

PAGE 1 OF 1

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